35p

FINANCIAL TIMES

1984

Saturday June 22 1985

***No. 29,656

WORLD NEWS

Resignation threat splits French left

The French Socialist Party was split when Lionel Jospin, the First Secretary, said he was prepared to resign if the party executive failed to support him in a quarrel with Prime Minister Laurent Fabius over the election campaign. Back Page

Beirut demonstration

More than 1,000 Shi'ite Moslems swarmed on to the Beirut runway near the hijacked TWA jet demanding the release of 750 Shia imprisoned in Israel in exchange for the 40 U.S. hostages. Back Page

Irish Labour setback

The Irish Labour Party, junior partner in the Republic's ruling coalition, was the main casualty in local government polls, according to early results. Page 2

Levesque resigns

Rene Levesque, 62, resigned as leader of the separatist Parti Quebecois. He will remain Premier of Quebec for 90 days. Page 2

Norway hijack ends

A Norwegian gunman surrendered to police at Oslo after hijacking an airliner on a flight from Tronheim. He had earlier released the passengers.

Nepal bomb claims

A group called the United Liberation Torchbearers claimed responsibility for bombs which have killed eight people in Nepal over the past two days.

Chef admits stabbing

Christopher Ogleton, a 17-year-old chef, admitted stabbing PC George Hammond while robbing an East Dulwich shop of £7 in January. An Old Bailey judge adjourned sentence for a week of social inquiry reports. PC Hammond, who was given 250 pints of blood, is recovering in hospital.

Jenkin plea to councils

Environment Secretary Patrick Jenkin urged councils to consider selling their estates to developers to tackle housing shortage, vandalism and rent arrears. Page 4

Legionnaire's case

A 45-year-old woman in Walsall has Legionnaire's Disease, West Midlands health authority confirmed. No connection has been found with recent cases in Staffordshire.

Kerb-crawl Bill hitch

A Bill to outlaw kerb crawling suffered a setback when the Lords agred to a major change during its committee stage.

Sea King death

A man was killed and three injured when a Royal Navy Sea King helicopter crashed near Dundee.

Higher taxi fares

London taxi fares will rise an average 8.2 per cent on July 14, said Transport Secretary Nicholas Ridley.

Menten art move

A Dutch judge permitted West Germany to auction part of the art collection of convicted war criminal Pieter Menten. West Germany wants repayment of DM 350,000 (£141,000) plus interest paid in reparations to Menten in the 1960s.

Rembrandt damaged

The Hermitage museum in Leningrad said that a man badly damaged a portrait by Rembrandt a week ago.

Yang gliding

A woman carrying an umbrella, Yang Youxiang, was swept up by a tornado in her Chinese village and carried 550 yards before landing safely, China New Service reported.

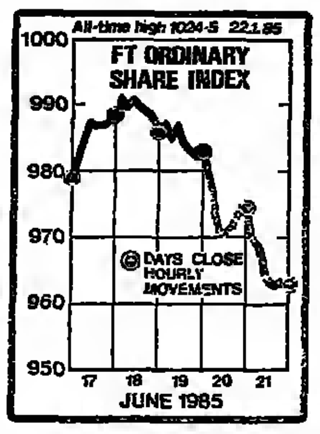
BUSINESS SUMMARY

Cash strike urged at Lloyd's

LLOYD'S underwriting members facing £130m of losses have been urged to mount a "cash strike" by professional advisers in a bid to force market authorities to help them with their problems.

The move means that several of the members may refuse to demonstrate to Lloyd's that they have enough money to meet their insurance liabilities. Back Page

EQUITIES continued to be hadly affected by worries about the economy, inflation and oil prices, with several blue chip issues suffering double figure falls. The FT ordinary share index closed 10.9 down at 963.2, its lowest level for nearly two months. This represents a fall of 15.9 on the week and more than 38 on the fortnight. London Stock Exchange, Page 14



NORTH SEA OIL prices rose sharply as BP made heavy purchases to cover its crude oil needs during the planned maintenance shutdowns of some of its platforms this summer. Back Page

CBI PRESIDENT Sir James Cleminson said business leaders were concerned at Government plans to phase out the state earnings related pensions scheme because it would impose extra costs on industry. Back Page

MANPOWER Services Commission indicated to the National Computing Centre that the centre's computer training scheme for school leavers may have to be incorporated in the planned two-year Youth Training Scheme. Page 6

PORTSMOUTH and Sunderland newspaper group threatened to introduce full editorial and advertising direct typesetting without agreement from the National Graphical Association. Page 7

SCOTTISH TUC launched a campaign against any move to close Ravenscraig steelworks as part of British Steel's discussions with the Government on its corporate plan. Page 7

VOLKSWAGEN, West Germany's biggest vehicle maker, plans to take on more than 4,000 workers this year, reflecting the company's continued recovery. Page 11

FALCK, Italy's biggest private steel company, plans to lay off 2,141 workers, one third of its workforce. Page 11

ROBERT MAXWELL plans to continue a separate cable television channel despite the formal winding up of TEN, the film channel of which he was a major shareholder. Page 4

PRUDENTIAL Assurance is moving into Ireland with the acquisition for £27.5m (I£34.9m) of Insurance Corporation Life, the profitable subsidiary of Insurance Corporation Ireland. Page 10

BAKER PERKINS Holdings, the engineering group, announced pre-tax profits for 1984-85 up from £6.83m to a record £13m and plans to raise £10.5m via a rights issue. Page 10

U.S. asbestos groups and insurers agree to speed settlements

BY TERRY DODSWORTH IN NEW YORK

ASBESTOS producers and their insurers in the U.S. appear to have agreed to speed up settlement of tens of thousands of claims from workers for compensation for asbestos-related diseases.

Although the deal excludes Manville, the world's largest asbestos producer, it is regarded as a breakthrough and is believed to include most of the leading asbestos and insurance companies involved in litigation.

Turner & Newall, the Manchester-based automotive and industrial components group, said last night that the agreement would sharply reduce the litigation costs of asbestos claims. Those involved in settlements include the Corporation of Lloyd's.

The agreement has been under negotiation for nearly two years and does not cover property liability. Its main purpose is to overcome stumbling blocks to settlement of personal liability asbestos disease claims.

These now encompass about 30,000 plaintiffs and may eventually lead to damages payments worth severel billion dollars.

Enormously complicated litigation has sprung up between asbestos producers and insurance companies. Cases brought by asbestos victims often involve several companies and insurance groups.

A study by the Rand Corporation research unit found that an average worked liability case produced payments of $95,000 (£74,000), of which $60,000 went in legal fees and the remainder in damages awards.

The new procedures should meet criticism that it takes plaintiffs too long to bring their cases successfully to a conclusion.

Under the new Wellington agreement, named after Mr Harry Wellington, Dean of the Yale law school, the two sides are seeking to speed hearings by consolidating them in Boston on the East Coast and San Francisco on the West.

Insurers said that litigation and the payment of appropriate damages should also be accelerated by a formula devised for deciding how much liability would be accepted under each policy.

Typically, policies overlap. Much of the litigation over responsibility for damages payments has been devoted to determining which company was responsible for the payments.

Insurers and producing companies have reached a compromise on their respective liabilities. Insurance policies which had no limit are to be capped, while companies which had initial deductibles in their policies will be liable to pay out on these only up to a certain cost limit.

The parties to the settlement, which only affects cases in the U.S., have refusd to publish a complete list of those involved. Among the producers, however, the deal is known to include Pittsburgh - Corning, U.S. Gypsum and Turner and Newall of the UK.

The insurance companies include Aetna Life and Casualty, The Hartford Fireman's Fund and Lloyd's of London. Travelers Insurance, one of the largest U.S. casualty and property companies, has so far refused to join.

Alex Nicoll adds: Turner & Newall said the agreement would sharply reduce the litigation costs of asbestos claims, since the 30 producers would appoint one lawyer to handle all claims on their behalf.

On top of the average settlement of $3,500 recorded by Turner last year, an additional $1,500 per case went on legal costs. Turner last year dealt with 2,000 cases and is still receiving claims at a rate of about 200 a month.

Of the £39.6m operating profit reported by the company last year, £10.7m went in provisions against asbestos claims.

The new agreement is expected to speed payouts by the insurance companies, some of which have not been making payments while their liability was unlimited.

Lloyd's of London has for some time been seeking a solution to the deadlock. It has internally co-ordinated the response of market members to the asbestos problem through a special committee.

Government may retaliate over U.S. unitary tax

BY CHISTIAN TYLER, TRADE EDITOR

THE GOVERNMENT is prepared to retaliate against American companies if British businesses continue to be penalised by the controversial unitary tax system still used by California and other U.S. states.

Ministers have been forced into a change of tactics by strong pressure from parliament and industry lobbies. More than 250 MPs are said to have declared their support for retaliatory action.

The Treasury announced yesterday that the Government will table a resolution allowing debate at the Report stage of the Finance Bill early next month of a backbenchers' amendment. Its proposers include Mr Michael Grylls, chairman of the Tory backbench trade and industry committee.

This amendment, now being slightly redrafted, would give the Government the power to abolish relief on advance corporation tax (ACT) for U.S. companies receiving dividends from British subsidiaries.

If used, the sanction would be imposed on only those companies which are liable for tax in unitary tax states.

Opponents of unitary tax were last night confident that the amendment will be passed.

"This is the best news we have received in the past seven years," said Mr Andrew Smith, spokesman for a lobby of British multinationals, the Unitary Tax Campaign. "We have given the Government the gun. It is up to them to decide at what stage to fire it."

Retaliation would be put into effect by an Order in parliament once the enabling measure was passed.

Of the six states still using unitary taxataion, California—the pioneer—is by far most important to British and other foreign investors. In spite of pressure from Japan and Canada as well as Europe, and the loss of some new direct investments, attempts by California politicians to repeal the system are bogged down.

Under the unitary method, companies operating in the state are assessed for tax according to various formulae, on earnings outside the state and worldwide. The conventional arm's length method is to tax local profits only, as if the operation were self-contained.

Unitary tax raises more revenue, and is seen as a way of preventing tax avoidance by multinationals.

It usually leads to a bigger tax bill and to large administrative costs and some double taxation, according to the multinationals.

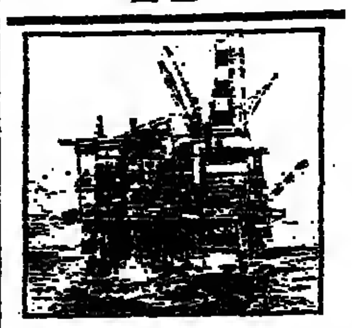
Several states have responded to foreign pressure by repealing or limiting their unitary taxation. Colorado is the most recent, preceded by Florida, Oregon, Massachusetts, Indiana and Utah.

However, it still applies in Alaska, North Dakota, Montana, New Hampshire and Idaho, as well as California.

Mr Michael Grylls met Mr John Moore, Financial Secretary to the Treasury, yesterday and is travelling to California next week to discuss details of the retaliatory amendment.

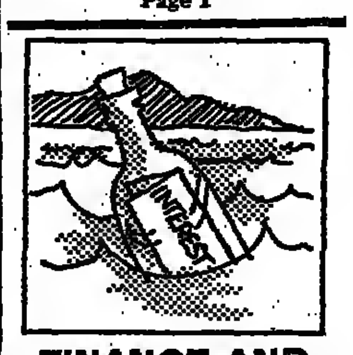
The controversy has been Continued on Back Page

WEEKEND FT



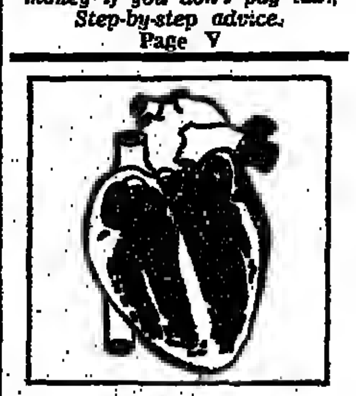
A DECADE ON THE RIGS

Stetsons are out, and British know-how is in—after 10 years of North Sea oil production. Page I



FINANCE AND THE FAMILY

Where should you put your money if you don't pay tax? Step-by-step advice. Page V



HEALTH

Affairs of the heart: Richard Adler explains how common sense measures can ward off heart attacks. Page XIV

SPORT

Wimbledon approaches. The champions prepare for Centre Court drama—and an aspiring tennis star worries about the more mundane matter of scraping together the fare to London. Page XVIII

Resignations ruled out at Bank

BY DAVID LASCELLES, BANKING CORRESPONDENT

THERE ARE to be no resignations or dismissals at the Bank of England over the Johnson Matthey Bankers affair.

This was the message from the Bank yesterday in the wake of the publication of this week's reports on the collapse of the bullion bank last year. Some of the blame for the crisis was attributed to lapses by the Bank's supervisory staff, which the Bank accepts. However, it claims the supervision department was overworked.

The supervisor in charge of JMB has been moved to other duties, and other staff changes are to be made. But they will not be done in a mood of retribution, according to the Bank.

Although the crisis has focused much criticism on the Bank and strained its relations with the Treasury, Mr Robin Leigh-Pemberton, the Governor did not offer to resign. In spite of his public censure of the Bank's handling of JMB in the Commons on Thursday, Mr Nigel Lawson, the Chancellor, has apparently spoken neither approvingly nor disapprovingly about it with the Governor in private.

There is clearly irritation in the Bank over criticism by lower level Treasury officials of banking supervision, which the Bank regards as nothing to do with them. But relations at a working level are said to be satisfactory, and the affair has not affected the dialogue over monetary policy.

In an effort to stem the tide of criticism, the Bank says her have been five or six recent, but unpublicised, instances where it has managed to save endangered banks by arranging for capital infusions. It also points to its record on the international scene where it claims to be in the forefront in dealing with changes and innovations in the banking industry.

Banking in Britain: JMB—end of an era. Page 8

Debenhams fights Burton bid with profit forecast

BY MARTIN DICKSON

DEBENHAMS, department store group, yesterday forecast sharply increased profits and dividends for this year as it issued its formal defence document against a £459m takeover bid from Burton Group, backed by Habitat-Mothercare.

Debenhams poured scorn on Burton's plans to convert its stores to so-called gallerias and described the terms of its offer as highly unattractive, ignoring the group's strengths and prospects.

The group forecast that pretax profits in the year to February 1 1986 would be approximately £60m, 47 per cent up against last year, while dividend payments would total 12p, a share (10p after a bonus share issue)—a rise of 41 per cent.

Mr Robert Thornton, Debenhams chairman, said that in the first 16 weeks of the year the group's sales were up 11 per cent, with profits ahead by 156 per cent.

He attacked Burton's management for lack of experience in running large department stores and said Debenhams had in the past rejected the galleria idea, which he described as a 1960s concept, on economic, practical and aesthetic grounds. Any shareholder accepting Burton's offer would lose his 6p final dividend and suffer a fall in income.

Shares in Burton fell 6p on the day, closing at 464p, com- Continued on Back Page

A bid for the connoisseurs, Page 9

Metal Box to cut over 1,000 jobs

BY IAN RODGER

METAL BOX, the packaging group, is closing its plastic bottle factory at Portsmouth, Hants, with the loss of 423 jobs. Another 707 jobs will go at other factories in its general packaging division.

The contraction is to improve operating efficiency and financial performance in the division. Metal Box said demand for its various packaging products was generally stable, but competition in the industry was severe because of about 20 per cent excess capacity.

The division made a trading profit of £10.1m on sales of £208.5m in the year to March 31 1985.

The general packaging division—which excludes food and beverage tins—accounted for about 18 per cent of MB revenues last year and 12.6 per cent of the group's trading profit. The division's workforce has fallen from about 11,000 to 8,158 in the past five years. Metal Box's total UK workforce has dropped from 34,000 to 13,270.

The Portsmouth factory, produces blow moulded bottles for toiletries, detergents and automotive products, was being closed because there was insufficient business and margins were too low to support two factories. Production will stop by the end of September, orders being transferred to the group's other plastic container factory at Wrexham, N Wales.

Of the other MB redundancies announced yesterday, 210 out of 698 jobs are to be lost at a plant at Aintree, Liverpool, making tin drums and dried food tins, and at a plant in Mansfield, Notts, making cake and biscuit tins, 182 of the 902 workers are to lose their jobs. In Carlisle, Cumbria, where the group makes decorative tins and metal closures, 132 of the 735 employees are to go, and at Manchester and Salford, (paperboard containers for food and household products), 151 out of 426 workers will lose their jobs, as will 24 of 132 at a plastic container plant at Swindon, Wilts. The group is also reducing its headquarters staff at Reading, Berks from 43 to 35.

Last week, the group reported a 5 per cent decline in pre-tax profits for 1984-85 to £68.1m. Mr Dennis Allport, the chairman, said it had made considerable progress in the past few years in reshaping the company. But he warned that the streamlining would continue "as we adapt further to the necessities of the competitive environment in which we are operating."

UK growth rate rises to 3½%

By Max Wilkinson, Economics Correspondent

THE BRITISH economy grew at an underlying rate of 3½ per cent in the 12 months between the first quarter of last year and the first quarter of this year, according to the latest official estimate out yesterday.

This pace of growth is half a percentage point faster than the provisional estimate made last month on the basis of figures for output.

However, yesterday's figures for gross domestic product from the Central Statistical Office suggested that the underlying rate of inflation may also be accelerating.

The GDP deflator, which measures domestic costs, rose by 5.2 per cent over the same 12-month period. The comparable figure was 4.5 per cent in the final three months of last year and 3.9 per cent in the second quarter. This measure of inflation was little influenced by the rise in mortgage rates or the fall in sterling last year, which have pushed up the annual increase in the retail price index to 7 per cent.

The rise in the GDP deflator could, therefore, represent some increase in UK cost pressures, although the acceleration in the first quarter was rela- Continued on Back Page

MARKETS

DOLLAR
New York lunchtime:
DM 3.0640
FFr 9.3425
SwFr 2.5625
Y248.0
London:
DM 3.0645 (3.0730)
FFr 9.3450 (9.3750)
SwFr 2.5625 (2.5725)
Y248.10 (248.30)
Dollar Index 145.1 (same)
Tokyo close Y248.32

U.S. LUNCHTIME
Fed Funds 7⅞%
3-month Treasury Bills: 7.02%
Long Bond: 106⅞
yield: 10.61

GOLD
New York: Comex June latest $315.0
London: $314.75 ($318.5)

STERLING
New York lunchtime $1.286
London: $1.2875 (1.2780)
DM 3.9450 (3.93)
FFr 12.0350 (11.9650)
SwFr 3.3025 (3.2825)
Y319.5 (317.5)
Sterling Index 80.9 (79.8)

LONDON MONEY
3-month interbank: closing rate 12⅛% (12⅛)
3-month eligible bills: buying rate 11⅝% (12)

STOCK INDICES
FT Ord 963.2 (−10.9)
FT-A All Share 611.44 (−1.0%)
FT-SE 100 1,262.0 (−14.3)
FT-A long gilt yield index: High coupon 10.56 (same)
New York lunchtime: DJ Ind Av 1,310.04 (−10.31)
Tokyo: Nikkei Dow 12,634.76 (−43.21)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 38; Denmark Kr 7.25; France Fr 6.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.30; Norway Kr 6.00; Portugal Esc 80; Spain Pta 110; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland 55p; Malta 30c.

CONTENTS

For London market and latest share index 01-246 8026; overseas markets, 01-246 8086

کتابخانہ

OVERSEAS NEWS

Group of 10 urges policy alignment

BY CARLA RAPOPORT IN TOKYO

FINANCE MINISTERS and central bank officials from the world's leading industrialised countries yesterday agreed that no major change should be made to the international monetary system, and called instead for greater alignment of economic policies between the leading industrial powers.

At a one-day meeting of the Group of Ten countries in Tokyo, the results of a two-year study of the world monetary system were accepted with ease because none of its proposals were unexpected or contentious. The study, touched off by the 1983 Williamsburg summit, aimed to enhance international economic co-operation and thus help to reduce the ruinous impact of heavy exchange rate swings.

Evan those most sceptical about the study were disappointed with the outcome. "It is very modest," said a British government official in Tokyo yesterday. "It rather identifies the problem rather than solves it.

"Wa have found no ways in which we can make or force sovereign states to adopt measures to enforce exchange rate stability."

As expected, the Group of Ten (11 including Switzerland) rejected a French proposal for enforced target bands for exchange rates to replace the free-floating exchange rate system which has operated since 1972.

In its communique after the meeting, the Group of Ten simply stated that further action "to provide a basis for greater stability" in exchange rates and financial markets was desirable. It proposed that member countries should consider the international implications of their domestic policies and seek to guide their economies towards "sustainable non-inflationary growth."

The communique calls for a "general strengthening of international surveillance" in order to achieve the goal of greater exchange rate stability. This is to be done largely through the IMF, which monitors the economies of member countries. It is understood, however, that the Canadian delegate to yesterday's meeting told the group that "surveillance is no substitute for political will."

Mr Noboru Takeshita, Japan's Finance Minister, and chairman of yesterday's meeting, and Dr Lamberto Dini, Director General of the Bank of Italy, and author of the report approved yesterday, were more positive about the results of the study.

"While it does not represent any novel or brand-new propositions, it is more appropriate to see the result is that we want to pursue what we have been pursuing with more political will . . . I don't think political will has ever been expressed as strongly as it was today," Mr Takeshita said.

The report covered international liquidity, the IMF's special monetary reserves and the relations between the World Bank and the IMF.

Britain improves terms on Thai deal

By Christian Tyler, Trade Editor

THAILAND'S minister of communications confirmed yesterday that Britain has offered special financing terms in the hope of clinching for UK companies a £385m contract to modernise Bangkok's bus service.

Mr Samak Sundaravej was speaking after talks with Mr Paul Channon, UK Trade Minister, who is in Thailand on an Asian tour.

Britain has said it will match an offer of concessionary aid unexpectedly made by the Belgian government in support of Van Hool, the Belgian company, an early rival for the big contract.

The decision was made to protect a consortium led by Leyland Bus, and including the state-owned National Bus Company and MVA Consultants.

The negotiations have reached a particularly delicate stage, according to the Export Credits Guarantee Department (ECGD) in London. But the British companies are still waiting for a decision by the Thai Cabinet. Only then can detailed negotiations on the Leyland proposal begin.

Britain is set to provide up to £20m—the approximate value of the Belgian offer—from the aid budget, further softening the terms that OECD rules say should be applied to long-term, fixed-interest credit.

Loans of up to 85 per cent of the contract's value would be insured by the ECGD. The money would probably be repaid over seven or eight years, and would be at the OECD-approved interest rate, currently 9.85 per cent for countries at Thailand's stage of development.

Levesque resigns as leader of separatist Parti Quebecois

BY ROBERT GIBBENS IN MONTREAL

RENE LEVESQUE, 62, on the eve of his 25th anniversary in Quebec politics, has finally decided to bow out as leader of the separatist Parti Quebecois (PQ). He remains Premier for another 90 days.

His resignation late Thursday evening completes an era when greater autonomy for Quebec and even political separation became a leading issue in the province and in Canada.

His departure will open the way for a PQ leadership race and a provincial election in late autumn or next spring.

Mr Levesque co-founded the PQ in 1968 from a large number of fractious separatist groups, and welded them into an effective political party that won power by a narrow margin in November 1976. He himself was essentially a moderate on the separation issue and has managed to prevail over the extreme elements in his party since the beginning.

He remains Premier till the PQ leadership convention chooses his successor in about three months.

There are several obvious contenders: Mr Pierre Marc Johnson, son of the late Premier Daniel Johnson, now Justice Minister, and the front runner, Mr Barnard Landry, a country lawyer and now Minister of Export Trade; and Mr Yvas Duhaime, now Finance Minister.

Mr Levesque's impending departure came just after Mr Robert Bourassa, once again Quebec's Liberal Leader, took his seat in the National Assembly.

W. L. Leutkens adds from Toronto: The rise and decline of Mr Levesque is also the rise and decline of a wave of Quebec nationalism. Mr Levesque's dream of taking the French-speaking province out of Canadian federation, though in close economic association with it, collapsed when Quebeckers turned against him in a referendum in 1980.

But nine years after Mr Levesque became Premier the province is a very different place from what it was: more confident, more tolerant, more at ease with itself, and one where the French have emerged from their historic role of playing second fiddle to an English speaking elite.

That change owes a great deal to Mr Levesque and the Parti Quebecois which he led to power in 1976. The language legislation which it introduced ensured the primacy of French in the affairs of the province. That encouraged several all-Canadian concerns to remove their headquarters from Montreal to Toronto.

Since the exodus of headquarters Montreal has undergone a revival as a busy if more limited centre where Francophones manage business on behalf of Francophone clients. Ironically, that success finally contributed to the eclipse of Mr Levesque. Storming English-held bastions, let alone sovereignty, ceased to be a chief preoccupation among Francophones. Mr Levesque read the signs correctly and tried to shift the PQ away from separatism. In doing so he split the party without regaining a hold on the electorate.

India envoy raises hopes of warmer UK relations

By John Elliott in New Delhi

LONDON'S relations with India, which deteriorated early this year over the activities of Sikh extremists in Britain are likely to improve following the arrival in London of Dr P. C. Alexander, India's new High Commissioner.

The 64-year-old principal secretary to the late Mrs Indira Gandhi arrived in London this week. A former top civil servant of 37 years experience, he brings more authority to the post than some of his recent predecessors.

"Some reports say that our relationship has touched a new low—that it has cooled down or become less warm. I do not agree with that and it is not the intention of my Government to allow it to happen and I speak with the knowledge of the thinking here," Dr Alexander said in an interview just before he left New Delhi. "My mandate is to improve and strengthen the relationship."

Tha statement will be welcomed by British diplomats and businessmen who have been worried about the future of both countries' relationship. Visits by senior British Ministers were postponed last year because India was unhappy over what it saw as Britain's failure to curb Sikh extremists who have been using the country as a base to campaign for Khalistan, an independent Sikh state of Punjab.

Mr Rajiv Gandhi, India's Prime Miniater, has made it clear recently that he does not want to go ahead with a £65m to £85m helicopter order with Westland of Britain. This has led to friction over whether India will receive its full allocation of aid from Britain this year.

By contrast, the political affinity between India and France—a British competitor in India—was shown when Mr Ghandi visited Paris amid extravagant celebrations.

But India has closer historical ties with Britain than any other country and these will be re-emphasised when Mr Gandhi makes an official visit later this year, probably for one or two days.

"Our relationship should not be assessed in terms of contracts or trade—it is a greater relationship than that," Dr Alexander said. "India's stakes in economic co-operation with the UK are very great." Britain was "one of our most important suppliers for our davelopment." He would be making "a determined effort to improve relations both inside and outside economic and trade matters."

Britain gives more aid to India than to any other country and the budgeted total of £115m a year heads the list of India's bilateral donors.

Britain has done well in obtaining large industrial projects, often linked to its aid, and thera is no evidence yet that it has been losing out. Hardly any big contracts have been placed since Mrs Gandhi's assassination nearly eight months ago.

Other countries have also suffered rough treatment over the activities of Sikhs on their territory. An Indian Minister is understood to have threatened West Germany some months ago that it would lose a contract if it did not curb its resident Sikhs.

But India's sensitivity over the activtis of its dissidents (Kashmiris as well as Sikhs) will almost inevitably be a continuing irritant.

Britain has responded to India's request for action by increasing its surveillance of Sikh and other extremists.

"I can't say how the British can tackle the problem but I know they ara doing their best now," Dr Alaxander said.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Pretoria keeps up pressure on Botswana

By Anthony Robinson in Johannesburg

THE MASS funeral of 12 people killed in last Friday's South African army raid on alleged African National Congress (ANC) activists in Botswana takes place in Gaberone today as Pretoria continues its pressure on Botswana to expel ANC cadres.

In a letter to the Botswana Government Mr Pik Botha, the minister of foreign affairs, complained that lengthy diplomatic attempts to secure expulsion of the ANC had revealed "no real political will on the part of Botswana to enter into effective and practical arrangements."

The United Nations has condemned both the Gaberone raid and the earlier, unsuccessful attempt to sabotage oil installations in the Angolan province of Cabinda.

Mr Botha, however, made clear that South Africa still reserves the right to use its military, diplomatic and economic strength as regional superpower to protect itself from armed attacks.

In an attempt further to justify the Gaberone raid South African security police at a press conference in Pretoria claimed to have discovered "a treasure trove of intelligence" which should lead to the arrest of ANC activists.

Caracas bank reassures clients

BY JO MANN IN CARACAS

A CAMPAIGN of speculation that began early this week has caused a run on one of Venezuela's largest commercial banks, Banco Union, but bank officials say it will be able to cover withdrawals.

The Government also said that a recently established state entity, the Deposit Guarantee Fund would stand behind public deposits in the banking system.

Foreign bankers here said Banco Union was not faced with any unusual problems.

"The bank has no problems that are not facing most other Venezuelan financial institutions," one banker said.

The Administration of President Jaime Lusinchi issued a communique on Thursday condemning a rumour campaign directed against the "national financial system" by "unscrupulous persons."

The individuals behind the campaign have not been identified, but several banks have been the targets of similar campaigns here since 1983. In some cases, individuals with inside knowledge about important banks have called dozens of depositors, warning them to withdraw their money and causing minor runs.

Some Venezuelan depositors have been jittery, however, since the Government supported another commercial bank, Banco de Comercio, on June 3. On that occasion, the Deposit Guarantee Fund provided money to cover withdrawals.

Banco Union, a privately held institution, reported a six-month profit of $2m (£1.6m) last December on income of $44m. The bank, with branches all over Venezuela and offices overseas, has paid-in capital of $27m. As of the end of last year, its assets were reported at $1.05bn and public deposits were $769m. Some other banks may also be affected by the campaign and its consequences, but no other runs were apparent yesterday in Caracas.

Irish Labour Party suffers poll setback

BY BRENDAN KEENAN IN DUBLIN

THE IRISH Labour Party, the junior partner in the Republic's ruling coalition, appeared to be the main casualty in Thursday's local government elections as early results came in yesterday.

The government parties, Labour and Dr Garret FitzGerald's Fine Gael, suffered particularly in Dublin, where voters seemed to be reacting against taxation and high unemployment levels in the inner city. Only about half the electorate voted, but the results appear to confirm opinion polls which showed the combined government parties trailing the opposition Fianna Fail by at least 10 per cent.

Fianna Fail was recovering from a low base, having done badly in the 1979 local elections, when it was in office. The party appeared to have an outside chance of an overall majority in Dublin Corporation.

Labour's vote in city areas appeared to have halved to about 5 per cent and in at least two constituencies was trailing Sinn Fein, the political wing of the Provisional IRA.

Sinn Fein looked set to get at least one councillor elected in Dublin but there was little sign of any overall improvement in the party's vote, and nothing like the 10 per cent share it received in last month's Northern Ireland local government elections.

Labour seemed to be faring better in Dublin suburbs and in some rural areas but spokesmen for both the government parties admitted they would have to do better to have any chance of winning the next general election, due in 1987.

Kathmandu bombings

A group calling itself the United Liberation Torchbearers claimed responsibility yesterday for bombs which killed eight people in the Nepalese capital and three other towns in the past two days, Reuter reports.

Leaflets thrown into streets of Kathamandn suggested the Himalayan kingdom's bombers wonld strike again.

Investment law passed

BY BERNARD SIMON IN TORONTO

THE CANADIAN Parliament has passed a new foreign investment law significantly easing curbs on foreign investors in Canada.

Known as the Investment Canada Act, the measure is a centrepiece of the nine month-old Conservative Government's efforts to attract capital from abroad in a bid to bring down Canada's double-digit unemployment rate. It replaces the controversial Foreign Investment Review Act, which has been one of the major irritants to foreign business and to U.S.-Canada relations since it was passed by the Trudeau Government in 1974.

The authorities will no longer vet any new business set np by a foreign investor in Canada. For acquisitions of existing businesses by foreigners review will normally be limited to cases where the Canadian business has assets of more than C$5m (£2.9m).

Mengele case draws to a close

BY RUPERT CORNWELL IN BONN

THE REACTIONS in Germany have varied: embarrassed relief, discomfort and most of all, perhaps, indifference. One thing, however, now seems beyond much doubt—tha case of Dr Josef Meogale, hitherto tha most wanted Nazi war criminal still at large, is close to being laid to rest.

A U.S. forensics expert said yesterday that the body exhumed in Brazil la "with reasonable scientific certainty" that of Josef Mengele, AP reports from Brazil.

Dr Lowell Levine, a dental specialist spoke after Mr Romeu Tuma, the bead Brazilian police investigator, said findings of U.S. and Weat German experts revealed similarities between the unearthed body and known characteristics of the long-sought Nazi concentration camp doctor.

Much has happened in the 18 days aince Brazilian investigators exhumed a body from a modest grave at Embu near Sao Paulo, abortly aftar West German police made what appears to have been the decisive breakthrough by discovaring latters and addresaes in the home of a former employaa of tha Mengele family firm at Gunzburg in Bavaria.

In many respecta, what has amerged contradicta conventional assumptons which have grown up in tha decades ha was on tha run, not least thanks to the efforts of the professional Nazi buntars.

If the present version of events ia borne out, Dr Mengele did not idla away his later years in a luxurious Latin American villa, protected by watchdogs and bodyguards under the benign eye of the local dictator. The last 18 yaars of his life were spent not in Paraguay or Bolivia, but Brazil, in circumstances distinctly modest, in the shalter of two equally modest local couplas who took him in.

He lived mainly off money aent from Germany by bia family. "It must have been betwaen DM 300 and DM 500" (£77 and £130 at to-ady'a exchange rates), according to Herr Rolf Mengela, his son, tha 41-year-old Freiburg lawyar in tha first instalment this week of recollections, documented by letters and photographs published by *Bunte* magazine.

Until his death, purportadly in a awimming eccident near Sao Paulo on February 7, 1979, he had shown no sign of remorsa for the crimes ba is accusad of baving committed. Mrs Gitta Stammar, ona of the first couples who employed Dr Meogela as a farm manager betwean 1961 and 1975, has tastified that be was intelligent and cultivated, and anjoyad listaning to Mozart.

Thus far the avidence supplied by thoae involved bas thrown up no real contradictions.

Admittedly, as the Brazilians concede, "100 per cent proof" that tha corpse is that of Dr Mengela is well nigh impossible. But every indication thus far is that it is. A boax moreover would, in the view of both West German and local investigators, require a refinement of deception unlikely from such relativaly unsophisticated accomplices.

Little howevar of such theorizing has been laid before the German public—or of the speculation as to how it was that, given tha regular contacts between tha fugitive and his family and employees of the Mengele company, his whereabouts was not established long since.

It is not very hard to aee why. The apparent discovery of the body of the formar camp doctor at Auschwitz, held to have seen 400,000 people to their deatha, has come half way through a year scattered with reminders and anniversaries of tha end of World War II, focussing world attention, as rarely in recent years, on the shame of the Nazi pariod.

Nor is the ordaal yet over. *Bunte's* revalations will run over the next five weeks. Dr Mengela may bave been tha biggest fish still uncaught; but Nazi atrocities will be back in tha haadlines whan tha trial starts in Lyon—probably later this year—of Klaus Barbie, tha Gestapo officer who is accusad of sending thousands to their deatha in France between 1942 and 1944.

EEC may raise tariffs on lemons and nuts to U.S.

BY PAUL CHEESERIGHT IN BRUSSELS

NUTS AND LEMONS are emerging as the European Community's acid response to a tariff squabble with the U.S. over pasta.

The European Commission yesterday was suggesting to the Ten that they should retaliate against the Reagan Administration's decision earlier this week to raise the American tariff on pasta by raising the EEC tariff on nuts in shells and lemons.

Early next week the Ten will make up their minds on the promised retaliation, a carefully balanced exercise to ensure that the EEC hurts the U.S. with the same degree of pain as the U.S. has decided to hurt the EEC.

This tit-for-tat in the food sector springs from U.S. annoyance that the full council of the General Agreement on Tariffs and Trade did not back a disputes panel ruling that the EEC's preferential arrangements for Mediterranean citrus producers hurt American interests.

As the Gatt council can only act unanimously it was not too difficult for the EEC to orchestrate the non-acceptance of the panel report.

So the U.S. decided to hit the EEC on a product it has had trouble with in the past. In 1983 a Gatt panel upheld a U.S. complaint that EEC pasta exports were unfairly subsidised, but the Gatt subsidies committee would not accept that either.

Now $36m (£28.5m) of EEC pasta exports — $35m worth from Italy—are subject to U.S. duties of up to 40 per cent, depending on whether they have egg in them or not. What tariff level the EEC will put on nuts in shells and lemons is not yet clear, but the U.S. sales are worth $30m a year.

The issue is being built up into acid tests of goodwill, on how each side can get on with the other in what is supposed to be a mutual battle against protectionism and for trade liberalisation.

Unesco agrees on ways to put its house in order

BY OUR PARIS CORRESPONDENT

A BROAD consensus on resolving the crisis that has been threatening the future of Unesco, the troubled United Nations Educational, Scientific and Cultural Organisation, emerged yesterday at the end of a marathon session of Unesco's executive board.

However, the agreement reached after seven weeks of arduous negotiations was not regarded as sufficient to make the U.S. reconsider its position towards the UN agency.

The decision of the U.S. to withdraw from Unesco plunged the Paris-based organisation into a profound crisis and deprived it of 25 per cent of its budget. Moreover, the UK and a number of other countries have also since given notice they plan to leave the organisation unless major reforms are undertaken.

"It is amazing that a consensus was pulled together," a western diplomat remarked yesterday. Mme Gisele Halimi, the French permanent delegate at Unesco, described the outcome as "a major success," but said the progress made was still insufficient to bring Washington back into the organisation.

Mme Halimi also noted the way the UK toiled to help reach consensus at the executive board meeting. She suggested that the UK might after all reconsider its position towards Unesco before the end of this year.

However, other western officials suggested yesterday it was premature to say if Britain would in fact reconsider its position. London is expected to analyse in detail in coming weeks the outcome of the marathon Unesco executive board meeting, details of which were to be revealed in a communique to be issued late last night.

Lufthansa set to buy new Airbus aircraft

By Paul Betts in Paris

AIRBUS INDUSTRIE, the European aircraft manufacturing consortium, appears set to win a major order for its new 150-seater A-320 aircraft from Lufthansa, the West German airline.

French aerospace officials confirmed yesterday that negotiations between Airbus and Lufthansa were advanced and the West German company could make an announcement as early as next week.

Lufthansa is expected to order 15 new A-320 aircraft which are due to make their entry into service in 1988. The Lufthansa orders would bring the total of orders for the A-320 to 90.

Major orders have already been placed by, among others, Pan Am, Air France, Air Inter, the French domestic airline, British Caledonian, and Ansett Airline of Australia for the new narrow-body plane which was formally launched in March 1984 by the four-nation Airbus consortium.

Rome court to rule on Benedetti claim

By Alan Friedman in Milan

A magistrate in Rome said yesterday he would rule within the next few days on a request by Sig Carlo De Benedetti's Buitoni foods group that the IRI state holding company be compelled to honour its agreement with the state's SME foods group by selling it to him for L497bn.

The court proceeding yesterday marked the latest twist in the SME affair, which has become a highly politicised issue in Italy since the April 30 announcement that IRI would sell the company to Buitoni.

Since then Prime Minister Bettino Craxi has opposed the sale to Sig Benedetti, several counter-offers have been lodged and last weekend the minister responsible for IRI suspended the procedure which would have otherwise led to a resolution of the issue.

James Buxton in Rome assesses the prospects for Italy's presidential election

Pertini's act proves a hard one to follow

"WHEN SOMETHING complicated appears to you to be simple, it means that you haven't understood it." That was the weary reflection of Sig Ciriaco De Mita, the Christian Democrat leader, on the labyrinthine manoeuvrings that have been going on in Rome all this week on the eve of the presidential election.

On Monday evening the two Houses of Parliament meet to hold the first ballot in the election of the next President of the Republic. It is an event which in the past was of purely domestic interest. This time, however, MPs are electing a successor to President Sandro Pertini, the extraordinary 88-year-old figure who has not only dramatically raised the stature of the Italian presidency, but has also become identified with Italy all over the world.

The presidency of the Republic has always had immense attraction to Italian politicians, for the simple reason that it confers a seven year term of office in a country where government normally last less than 12 months.

But Sig Pertini has made it much more influential. This forthright but warm hearted old man, with his pipe never far from his lips, has often seemed to Italians to be the only honest and sensible politician in the whole country. He is delightfully impulsive and has a knack of saying bluntly what ordinary people are thinking. In a way that no other national figure could have done he provided Italy with the determination and emotional support to survive the terrible days of terrorism in the late 1970s and early 1980s.

Sig Pertini delightful, impulsive and immensely popular

He tried to improve the tone of national life, condemning political and financial scandals from the heart. He demonstrated how important the presidency can be by boldly breaking with the tradition of nearly 40 years and inviting men who were not Christian Democrats to be Prime Minister. Without this innovation Sig Bettino Craxi, the Socialist leader, would not be Prime Minister today.

It is questionable how much magic the presidency of the Republic will retain after Sig Pertini goes. But it has been clear for some time that whoever succeeded him should be a man of at least equal honesty, even if he might not be able to match Sig Pertini's personality.

Earlier this week Sig Pertini finally said that he was not a candidate for re-election. Even if that does not completely shut the door to the possibility of his being drafted in at the last minute, it now looks as if the presidency will, as tradition dictates, alternate back from the non-Catholic parties of the Centre-Left (Sig Pertini is a Socialist) to the Christian Democrats. Indeed the Socialists have indicated that they will support a Christian Democrat, and the Communists, the second largest party, appear to be edging in that direction. The question is: which Christian Democrat?

The favourite is Sig Francesco Cossiga, who is currently President of the Senate. He is a warm and friendly Sardinian, skilful in politics, but also a man who feels things deeply. He is one of the few Italian ministers to have resigned to take responsibility for a failure—in this case that of his Ministry of the Interior to save Sig Aldo Moro, the former Prime Minister, when the red brigades killed him in 1978.

Sig Cossiga—front runner in the presidential battle

He is not one of the big barons of the Christian Democrat Party, which may be an advantage as it means that he has fewer sworn enemies in the party than some leaders, and he is known to be acceptable to the Communists. His election could, therefore, be straightforward. Indeed there is speculation that he could even be elected on the first ballot. If so it would be something that has only happened once before in 1946. Sig Pertini, more typically, was elected on the 16th ballot.

The election process is rather like that used to choose a Pope. Voting goes on until there is a two-thirds majority in the first three ballots for a candidate; thereafter an absolute majority is enough. But there is an Italian saying of papal elections: "Entrare in conclave papa, uscire Cardinale": the man tipped as favourite for Pope leaves the conclave as the Cardinal that he was before. So it could be with Sig Cossiga.

There are plenty of pitfalls. First, the Christian Democrat Party, notoriously riven by factions, has to give Sig Cossiga more or less unanimous backing from the start—that is, assuming he is presented in the first ballot. If not his candidature could become unsustainable. Next the Communists have to renounce any desire to seek a different candidate from among the Christian Democrats. Sig Craxi's socialists must also give their support to a man about whom they have not shown themselves wildly enthusiastic.

Italian politics have a way of producing surprises. Bizarre and apparently inexplicable changes of allegiance can occur. So nothing can be ruled out. Not even, for example, the election of Sig Amintore Fanfani, the 77-year-old failed veteran of previous presidential contests, or even Sig Giulio Andreotti, the party's most influential leader — despite an apparent rupture with his erstwhile Communist supporters last year.

There is still a tiny chance that Sir Pertini will be re-elected if it proves impossible to achieve consensus on anyone else. But the President is much less popular among politicians. Many feel that he has upstaged them too often and that it is now time they demonstrated that they have come of age.

Projects for Eureka mapped out

BY PETER MARSH

FOUR OF Europe's leading electronics companies have set up an informal group to map out projects for the Eureka collaborative research programme, which was proposed by France and is being discussed by European governments.

Representatives of Siemens of West Germany, Thompson of France, Britain's General Electric Company and Philips of the Netherlands have met twice in the past fortnight.

Mr Derek Roberts, technical director of GEC, said on Thursday that the companies generally agreed that Eureka should feature market-oriented projects rather than schemes to promote specific technologies such as highspeed computers optics or materials.

The British Government, meanwhile, is stepping up efforts to canvass industry's views on the projects of Eureka should finance. Earlier this week, Mr Geoffrey Pattie, Information Technology Minister, chaired a meeting on Eureka attended by representatives from leading electronics companies such as Plessey, Ferranti, ICL, GEC, Racal and Thorn EMI.

Programmes that Eureka could support include development of new transportation systems, for example high-speed trains or traffic-control equipment, Mr Roberts said.

Other suggestions are for telecommunications projects, the development of pan-European cellular-radio networks and novel energy systems.

The latter could tap the power of the sun, either by using solar collectors on orbiting space platforms or by devising mechanisms to unlock the vast amounts of energy from the sun stored in the oceans.

Mr Roberts said these kinds of projects could promote the development of a pan-European market for new products.

OBITUARY

Leader of Sweden during welfare state expansion

MR TAGE ERLANDER, the former Social Democratic Prime Minister who ruled Sweden for 23 unbroken years until 1969, died early yesterday morning in Stockholm. He was 84.

Mr Erlander, whose rule coincided with an unprecedented export-led boom of industrial growth, presided over the vast post-war expansion of Sweden's welfare system and realised many of the goals of his party's founders in the 1930s.

Among his major domestic achievements was the introduction of a controversial employer-financed supplementary pension scheme, compulsory medical insurance, a comprehensive sick-pay scheme, and wide-ranging education reforms.

Far from a doctrinaire Socialist, Mr Erlander was known as a consensus builder in economic and political life, rejecting, for example, calls within his party for broad scale nationalisation of Swedish industry in the immediate post-war years.

After the war, Mr Erlander was active in the bid to form a Nordic defence pact, which failed when Norway and Denmark decided to join Nato in 1949.

UK NEWS

Law Society shelves report on complaints

BY SUE CAMERON

THE Law Society yesterday admitted that its governing council had shelved until the autumn discussion of a key management consultancy report on complaints about solicitors.

The decision means that the present system for dealing with complaints against solicitors is unlikely to be reformed for at least five years.

The report, commissioned by the Law Society from Coopers and Lybrand, the management consultants, calls for an independent body to be set up to deal with complaints against solicitors. It says the body should be funded by solicitors, but should have a substantial proportion of non-lawyers on it.

The Law Society, which also acts as a solicitors' trade union, deals with all complaints, except those involving negligence which have to go before the courts.

The society's 70-strong council had been expected to discuss the recommendations of the Coopers and Lybrand report at its meeting on Thursday. The society has had copies of the report for over a month.

However yesterday it emerged that the council had merely discussed how to consult the rest of the solicitors' profession on the report's recommendations. The council also decided not to publish the report officially until July 3.

The council's decisions are significant because the Administration of Justice Bill, which proposes various changes in the way the Law Society can deal with complaints against solicitors, is now at the Commons committee stage.

It is understood that a number of MPs believe early publication of the Coopers report would have aided debate, and could even have been a factor in bringing about reform during the current parliamentary session.

The Law Society council, however, is planning to spend the next four months consulting the profession on the recommendations of the consultants' report. Only after the profession's annual conference late in October is the society expected to reach any conclusions on the report. It will almost certainly be too late by then to make any important changes in the Bill.

The society said yesterday that, once the Bill had been enacted, "at least five years" would probably pass before another Bill on the legal profession could be brought before Parliament.

Such lengthy consultation of the profession is to be undertaken because Coopers and Lybrand had suggested solicitors should be asked for their views.

Another factor, though, is thought to be that the consultancy's call for an independent complaints body is bound to be highly controversial within the profession. Deep divisions of opinion on the establishment of an independent body are understood to have been apparent on Thursday at the council meeting—even though the Coopers recommendations were not formally discussed.

Some solicitors—particularly older ones—believe self-regulation is the essence of any profession. Others argue that the public can have little confidence in a complaints procedure controlled by the society itself.

Jenkin urges sale of council estates

By Margaret van Hattem

MR PATRICK JENKIN, the Environment Secretary, yesterday urged local authorities to consider selling council estates to private developers, to combat housing shortages, vandalism and rent arrears.

Addressing the Manchester chamber of commerce, Mr Jenkin described the £188m owed to local authorities in rent arrears as an almighty scandal. One way of tackling the problem would be to hand the running of the estates over to the tenants; alternatively, more co-operatives could be set up, or private developers brought in.

Mr Jenkin referred to the Urban Housing Renewal Unit, opened earlier this week by Sir George Young, Environment Under-Secretary, to co-ordinate local council efforts to attract private funds for housing programmes. This was an example of government determination to break down the huge, monolithic housing estates in the inner cities, he added.

Mr Jenkin hinted that any system to replace local government rates would be based on electoral rolls. The key to curbing excessive council spending lay in strengthening links between local government and electors, he said.

"We have to ask ourselves whether we need a new local tax system which will bring home to the majority of electors the cost of local spending," he said. "People have to understand the link between what they pay and what they get."

Mr Jenkin called for reforms which would protect the non-domestic ratepayer.

"Although he pays more than the domestic ratepayer, he has no vote in local elections," he said. "Most businessmen are prepared to contribute to funding basic local services. What they resent funding are the 'optional extras.'"

● Earlier in a written answer, to Dr John Cunningham, shadow Environment Secretary, Mr Jenkin confirmed that local government spending estimates for 1985-86 indicated that total spending would exceed grant-related expenditure by £830m and would exceed the aggregate of government spending targets by £266m.

● Mr Peter Rees, Chief Secretary to the Treasury, yesterday insisted there was strong public support for tax cuts and called for more discipline in public spending to enable government to introduce them. He was speaking at the Welsh Conservative Conference in Llandudno.

"I still believe people do want to keep more of what they earn, to spend how they like," he said.

Michael Donne on the options open to Westland following the lapsing of Bristow's bid

Tough task faces troubled helicopter manufacturer

THE Westland Group now faces two tasks, after the £89m bid for it by Bristow Rotorcraft has been abandoned.

It must find additional immediate work through new orders and must in the longer term find either another bidder or an alternative source of cash.

Whether Mr Alan Bristow allowed his bid to lapse because he found Westland's position worse than he expected, is now academic. Westland argues all the relevant information had been made available, and that in recent weeks "nothing has changed."

The arguments about the affair will rumble on, but Westland management yesterday was getting down to work again after a period of disruption that it regards as damaging to the company and a waste of time and money.

Had the Bristow bid been continued, there would have been radical changes in Westland's top management, but there have always been doubts in the company whether Mr Bristow, although a highly successful helicopter operator, really understood the production side of the business.

Doubts have been expressed privately by Westland officials, and publicly by trade union officials at Yeovil, about Mr Bristow's own ability to wave a magic wand and win the orders for helicopters that the existing management has been unable to secure, from either the Government or foreign customers.

Westland recognises it does have difficulties, especially in immediate work and cash flow, to keep factories, equipment and labour occupied until the Anglo-Italian EH-101 multi-role helicopter, in partnership with Agusta, comes into quantity production in a few years' time.

For the immediate future, work is concentrated on outstanding orders for 30 Sea King anti-submarine warfare helicopters for India and the British Navy, and on a number of Lynx multi-role aircraft for the Ministry of Defence.

Efforts to win orders for the W-30 civil helicopter continue, so far without success.

Discussions are also going on with Agusta of Italy on the possibility of developing a joint anti-tank aircraft, based on the Agusta A-129. However this, if it comes to fruition, is still some years away. Plans for a Nato transport helicopter, NH-90, are also in the future.

Similarly, there is no sign of any early decision by the Defence Ministry on its AST-404 plan for a replacement helicopter for ageing Puma and Wessex aircraft in the RAF and Navy. An order for the W-30 to meet that requirement could do much to help Westland's immediate problems.

However, there is another

Alan Bristow: allowed bid to lapse

entry in that competition—the joint Short Brothers/Sikorsky offer of the latter company's highly successful Black Hawk, powered by the new Rolls-Royce/Turbomeca RTM-322 engine.

This makes an attractive solution to AST-404, and would also open the way to possible use of the RTM-322 by the U.S. Army in its own big fleet of Black Hawks.

The Defence Ministry is torn, therefore, between giving Westland an order for the W-30 to help save the company, or promoting a new UK-U.S. helicopter link through Short Brothers and Sikorsky that would also benefit Rolls-Royce substantially.

The main criticism of the latter solution would be that it would be seen to be favouring Short Brothers and Northern Ireland too much, following the award of the big Tucano RAF basic trainer contract to Short Brothers earlier this year.

A more equitable distribution of Defence Ministry funds would be for Westland to replace Short Brothers as the UK partner on AST-404, with Westland and Sikorsky arranging to build the Black Hawk with the Rolls-Royce Turbomeca RTM-322 engine at Yeovil. The W-30 could be relegated to a purely civil role, with Westland continuing to seek orders for it where it could, or even abandoning it.

Such a solution would not only benefit Westland and Rolls-Royce, while in no way hurting Short Brothers, but also would probably satisfy Sikorsky.

The U.S. company — the biggest helicopter manufacturer in the world — would get the UK base it has wanted for a long time. Moreover, such a liason could have longer term benefits for Westland, in that it could open the way for some Westland participation in big new U.S. helicopter programmes now being prepared.

One of these is the U.S. Army's LHX (Light Helicopter Experimental), a plan for upwards of 7,000 aircraft, costing over $35bn (£27bn), to replace a wide range of existing, ageing, light helicopters for a wide variety of battlefield and other roles.

Sikorsky has linked with Boeing-Vertol of the U.S. to bid for that contract, but Westland could still win some part of it through any link with Sikorsky.

Sikorsky is not new to the UK. Westland at one time based much of its work on Sikorsky-originated designs — even the Sea King can trace its ancestry back to the U.S. company.

In recent years, Westland has tried to go its own way, and its relations with Sikorsky have been much less close, even cool.

In the light of its current financial position, and the collapse of the Bristow bid, Westland cannot afford to allow that situation to continue. It must seek new industrial liaisons wherever it can, both in western Europe (by widening further its relationships with Agusta), as well as in the U.S.

No other "White Knight" seems likely to emerge in the UK. Westland is on its own again in the world market-place. If the events of the last few weeks have achieved anything at all, it is to be hoped that they have sharpened Westland's wits in its effort to survive.

DBS chiefs admit failure of satellite plan

BY RAYMOND SNODDY

MR LEON BRITTAN, the Home Secretary, was formally notified yesterday of the collapse of British attempts to launch a direct broadcasting by satellite service.

The British DBS consortium said it had unanimously endorsed the decision taken by its representatives on June 13 not to go ahead.

The result of evaluation, which cost about £250,000, was that DBS was not a commercial proposition on a 10-year franchise using the Government's chosen satellite supplier United Satellites.

The Government decisions to liberalise individual reception from existing low-power satellites and to set up the Peacock Committee to consider introducing advertisements on the BBC had created new uncertainty.

"But the abiding conclusion of the 21 Club's (as the consortium became known) analysis may be that the funding of a dedicated national satellite system was never feasible without the major Government financial support demonstrated by France and Germany," the consortium said.

Plans are already under way to explore alternatives. A senior independent television executive has had preliminary talks at the BBC to see whether a joint satellite master antennae television (SMATV) subscription channel is feasible.

The venture would involve a new BBC-ITV channel delivered by existing satellites to small cable networks and hotels and restaurants. There is also growing support within ITV for an advertising-based Super Channel showing the "best of independent television" and aimed at cable networks in Europe.

The BBC has been approached to take part, but is unlikely to do so, at present, because the venture will be advertising based.

Both the SMATV and Super Channel ideas are seen as interim measures by some senior television executives.

Interest is growing in a proposal by Eutelsat, the European satellite organisation for medium power broadcasting to be launched in 1991. This, it is suggested, would give British programmers access to a potential pan-European advertising market of more than £500m.

The satellite might have 14 channels and would be powerful enough to deliver programmes direct to small dishes on individual homes as well as to cable networks.

Geophysics expertise 'lacking'

By Raymond Snoddy

LACK OF funds and poor co-ordination of research is hindering British expertise in geophysics, which is the foundation for oil and mineral prospecting, long-distance communications and pollution control.

As a result, there is a danger that the UK may play no significant part in the developments which are transforming geophysics, a report published by The Royal Society warns.

"If UK fails to participate fully, the long-term costs to the country will be high both in economic and intellectual terms," the report argues.

Geophysics is the study of the physical processes of the atmosphere, oceans and the interior of the Earth. New, expensive technology has facilitated observations in very hostile and inaccessible environments, and complex computer models of many natural phenomena.

The UK, the report suggests, is falling behind because of a shortage of funds and fragmented university research. Young British geophysicists have been leaving for the U.S. and the Continent where research prospects are much better.

The report makes three main recommendations:

● To set up an organisation to co-ordinate space research and its applications;

● To create a small number of centres of excellence for geophysics;

● To ensure that the Advisory Board for the Research Councils encourages long-term programmes, such as survey and observatory work.

Support of Geophysics in the UK; The Royal Society, 6 Carlton House Terrace, London SW1Y 5AG; £3.90.

Minister approves finance for GLEB

BY MARGARET VAN HATTEM AND WILLIAM DAWKINS

MR KENNETH BAKER, Minister for Local Government, has given the Greater London Council approval to provide a further £1.1m in interim finance for the Greater London Enterprise Board.

The money, to cover the board's costs until the end of September is subject to the GLC's acceptance of conditions designed to ensure that GLEB assets do not leave the public sector.

Under legislation passed this year, Government consent is required for any expenditure after April 1 1985 for Section 137 purposes, which includes finance for the GLEB.

In response to the GLC's application for consent to finance for Gleb for 1985-86, the Government this year approved expenditure of £4.9m out of the total of £19.5m requested.

Mr Baker yesterday also offered further GLC expenditure of £2.125m to finance five technology networks—or research workshops—supported by the GLEB.

The minister said any further finance to cover the second half of the financial year would depend on the GLEB making satisfactory arrangements to account to ratepayers for the money given to it after the abolition of the GLC.

"I welcome the assurances which have been given by the GLC and the GLEB that they also would wish to see accountability continue, but the future of the board is in the hands of the council and the London boroughs."

Mr Baker insisted that his decision implied no judgment of the GLEB's individual investments, "but I consider that the first priority must be to protect the companies concerned and their employees, pending a decision as to the board's future."

Last night, Mr John Palmer, the board's information director, described as "scandalous" the Government's withholding of funds for new investments until the GLEB had reached an agreement with the boroughs on its future accountability to ratepayers. "The political message from the Government is that we are here to stay," he said.

The board, established just over two years ago by the GLC to create jobs and help regenerate London's economy, has attracted controversy because of its overt left-wing stance. But professional small-business bodies are increasingly realising the value of its work in supporting start-up ventures, especially in high technology.

Owen suggests Anglo-French cruise missile

Financial Times Reporter

BRITAIN and France should collaborate on nuclear weapons and consider producing jointly a European cruise missile, Dr David Owen, leader of the Social Democrats, said yesterday.

"The scope for a deeper Franco-British dialogue on military matters generally and nuclear matters in particular is immense," he told the European Institute of Business Administration at Fontainebleau. "Perhaps the most important question for Britain and France to rethink is their respective decisions in the early 1980s not to pursue the European cruise missile option."

He said the two countries needed to see if there was scope for sharing knowledge and avoiding duplication of research and development costs.

It was an indictment of both countries that there was little joint discussion before Britain bound itself to the U.S. for the next 30 years by choosing to buy the American Trident nuclear weapons system.

"As yet neither country has made the key decision dictated by our common destiny to co-operate on nuclear weapons. It is high tima that we did."

Maxwell to go it alone in cable TV films

BY RAYMOND SNODDY

MR ROBERT MAXWELL plans to continue to run a separate cable television film channel in spite of the formal winding up yesterday of TEN, the movie channel of which he was an important shareholder.

Mr Maxwell, publisher of the Mirror and owner of the former cable television interests of Rediffusion, has been putting out a temporary service since the liquidators were called in at TEN at the beginning of this month.

It is now believed that Mr Maxwell intends to run a permanent Mirrorvision film channel rather than try to negotiate a merger with the Thorn-EMI film channel Premiere as had widely been expected.

Creditors were told at the formal winding up of TEN yesterday that losses totalled £6.1m. Outside creditors are owed a total of £1.27m. The five shareholders — Plessey, Visionhire, Rank Group, Rediffusion and United International Pictures UK—had unsecured loans of £4.9m.

It is likely that the creditors will receive 86p in the pound.

Since Christmas TEN had been having difficulties. The film channel had been losing subscribers and at the end the total had fallen to about 37,000 from a high of about 47,000.

However, those involved in the venture insist it was disagreements between the shareholders that led to the collapse rather than the difficult outlook for cable television.

Visionhire had wanted to sell its stake to W. H. Smith. This, it is understood, was blocked by Mr Maxwell.

In April disagreements broke out again when merger talks with Premiere neared completion. Visionhire and Plessey asked for time for further consideration and this was misinterpreted as lack of interest.

Now Mirrorvision and Premiere seem set to continue to fight the battle of the film channels, even though there is not a market big enough to support one channel profitably at the moment.

Steel mill's EEC plea fails

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

QUEENBOROUGH Rolling Mill lost its appeal to the European Court yesterday against a fine of 491,988 Ecus (£280,433) imposed by the European Commission for exceeding EEC steel production quotas.

The company, based in Queenborough on the Isle of Sheppey, Kent, has an annual turnover of about £4.5m and a workforce of about 70. It buys used railway tracks from British Rail and rerolls them into reinforcing material for construction purposes.

Its quotas under EEC regulations for the third and fourth quarters of 1981 were 3,604 tonnes and 3,912 tonnes. It exceeded those figures by 1,165 tonnes and 3,263 tonnes.

The fine was imposed by the Commission in January last year.

Queenborough did not dispute the figures but pleaded in mitigation that it had bad particularly heavy orders from regular customers which it could not have fulfilled without exceeding the quotas.

The Luxembourg Court dismissed the company's appeal, commenting that the over-production was not negligible.

Europe-wide mortgage market useful, say Lords

BY MARGARET HUGHES

A EUROPE-WIDE market in mortgages would be a "useful step" toward a free interoal market in all financial services within the Community, according to a House of Lords committee.

Under appropriate supervision it said building societies and similar institutions should be allowed to operate across tha Community. Opening up the market would add appreciably to both consumer choice and increased competition.

However, a report by the Lords' Select Committee of European Communities, responding to December's draft directive by the European Commission on tha freedom to establish such a market, expresses reservations about such a move.

In particular it draws attention to the legal basis for mortgage credit differing from country to country, as do tha methods of funding. Using an unfamilir legal and administrative system could both increase the costs and possibly the risks of operating overseas, it argues.

The report warns of the currency risks in cross-border business. It also points out that the present British system of borrowing short to lend long using variable rates of interest to match the supply and demand of funds is "almost unknown" on the Continent.

It would probably not be readily accepted either by tha authorities or the investing public. British building societies operating abroad might therefore have to raise their funds in the wholesala markets.

There will also be a need to protect the consumer against "misinformation" which could arise as a result of dealing with unfamiliar institutions and practices. The report warns that both borrowers and investors may fail to understand the differences between foreign techniques and accordingly make "bad decisions."

Report by House of Lords Select Committee on the European Communities, A common market for mortgage credit. Price £7.20, HMSO.

Group Lotus engineering contracts rise to £29m

BY JOHN GRIFFITHS

THE VALUE of engineering contracts won by Group Lotus has jumped from £17.6m to £29m in the past two months, the sports car maker's annual shareholders' meeting was told yesterday.

One contract contributing to the increase—known to be with Chrysler—is aimed at developing high-performance engines for the U.S. manufacturer's 1988 model-year cars. However, this has been exceeded in size by a second contract, also understood to be with a U.S. vehicle maker, but Lotus is refusing to comment.

Tha latest orders are likely to mean that, temporarily at least, Lotus' profits from contracted engineering services will greatly exceed those derived from car sales

Engineering contracts accounted for only £3.9m of Lotus' £16.8m turover in the financial year ended December —but provided £776,000 of its £1.51m profits before tax, interest and research and development write-offs.

Some engineering contracts will be spread over several years. Nevertheless, the figures announced yesterday confirm the importance contracted engineering services have to tha company since they were launched on the back of a £12m project to develop the De Lorean sports car

They were also told that Group Lotus is to recruit a further 400 employees within the next 12 months, bringing the total to more than 1,000, to prepare for production late next year of the "cheap" X100 sports car Lotus is to build using Toyota components.

The meeting approved a golden handshake of £47,000 for Mr Fred Bushell, Lotus' former finance director who briefly took over as chairman after the death of Mr Colin Chapman, the company'a founder, at the end of 1982.

Mr Bushell, who had a service contract until late next year, ceased to be a director yesterday after 25 years with the company.

Finance chief relieved of post at Peerless

By Alexander Nicoll

PEERLESS, the Birmingham-based plastics, electronics and engineering group, said yesterday its board had decided to relieve Mr Ivor Taylor, the financial director and secretary, of all executive responsibilities.

Tha company gave no reason for the move. Mr Taylor, 58, has been with Peerless for 12 years and was appointed financial director in 1980.

Mr William Jordan, chairman, is resuming responsibility for the company'a finances until a replacement has been recruited. Mr Clive Jordan, another director, was appointed secretary.

Peerless recently estimated that its losses in the yeer ended March 31 1985 were about £1.8m after tax and extraordinary items, which included write-offs of stock and debts at its Headway kitchen and bathroom marketing and distribution business. The Headway business was closed with the loss of 90 jobs, and the group estimated loss also included £900,000 of closure costs.

The company blamed the Headway problems on a failure in credit and stock control. It had pre-tax profits of £1.8m in the previous year.

Birmingham's Olympic fitness assessed

BY LORNE BARLING

MEMBERS OF the British Olympic Committee yesterday visited Birmingham to assess its suitability to stage the 1992 Olympic Games.

It is becoming clearer, though, that the cost of even bidding for the Olympics, let alooe staging them, is probably beyond the means of the city without government support that might run to hundreds of millions of pounds.

London and Manchester are also bidding to be the British nominee to go before the International Olympic Committee, which will also considar bidders from other countries.

Of the three locations, Birmingham probably has the best facilities. Tha National Exhibition Centre offers large covered areas for events; there is an airport and railway station nearby; and there are equestrian facilities at the Royal Show site at Stoneleigh, plus other advantages.

The Labour-controlled city council yesterday proposed that a £150m superbowl stadium could be built at the exhibition centre, with a £63m Olympic village for 14,000 athletes and officials. This would later be turned into housing for Birmingham.

Initial estimates suggest that a bid to stage the games would cost about £5m, and to put it on would require £500m more.

Mr Ken Barton, chairman of the council's Olympic Committee, remains optimistic. "We would be selling Birmingham throughout the world, and it is about time we did so again," he said. He believes the costs have been over-estimatad and that a bid could be launched for about £1.5m.

However, any overspending by the council would be penalised by the Government's rate-capping policy.

"We would incur a grant penalty of about £5.8m if we overspent by £2m on going for th Olympics, which would mean a rise in the rates," said Mr Dick Knowles, leader of the council.

Senior councillors accept that, unless the Government and sports bodies are prepared to support Birmingham, it would stand little chance of international success.

"Forty years ago, Birmingham could afford to bear the weight of Britain on its back, and now that we have got 22 per cent unemploymeot we hope for support" said Mr Knowles. He has written to the Prime Minister asking for special powers to acquire land and raise revenue. He is also seeking approval for a special spending programme.

The council's Labour group will meet on Monday to see if some additional expenditure could be borne by the city. Mr Knowles believed this would be forthcoming — "although you can never tell with the Labour Party."

The British Olympic Committee will meet on July 13 to decide which of the British cities, if any, meet the requiremeots for the 1992 Olympics in Britain.

Private capital will be sought to underwrite the bid, particularly in the development of new facilities already planned at the Exhibition centre.

The stadium could be converted later into a part of tha centre which was recently the venue for 23,500 Rotarians in annual conference.

It would also be necessary to build a £20m Olympic swimming pool and a £6m cycle track, both of which would be used later to facilitate wider use of the centre.

Consultancy to aid SE member firms

VALIN POLLIN International, the public relations consultancy, has been appointed by the Stock Exchange to assist in explaining to present and potential investors the financial services revolution taking place in London. It will also promote the services of Stock Exchange member firms.

هكذا من الأصل

UK NEWS

David Churchill on the supermarkets' response to customers' worries

Healthy concern grows over food additives

CONSUMERS ARE becoming more concerned about what they eat: healthy eating, once a fad, is now a big part of the marketing strategies of the main supermarket chains and food manufacturers.

Safeway, Tesco and Sainsbury, for example, have removed as many artificial additives from their own-label products as possible. Sainsbury has told its food buyers not to purchase from companies which use additives unless they have to.

Their move will be backed by two new research studies due shortly. On Monday, the Ministry of Agriculture will publish the results of a survey carried out together with consumer groups. It is expected to show consumers want to know more about what is in the food they buy, but do not want to be confused by scientific jargon.

This will be followed in a few weeks by a private study available to certain food manufacturers and retailers from the Food Policy Unit of Bradford University. Its study shows consumers are deterred from buying products when faced with "E" numbers on labels — the code which all food products carry by law to identify their chemical additives.

"People seemed prepared to pay more for products without additives, according to the research so far," suggests Ms Heather Gosden, the researcher in charge of the project.

Consumers' concern over what they eat is nothing new: Queen Victoria was eating wholemeal bread in 1870 and Kellogg's Cornflakes, launched this century, were originally marketed as a health food.

Two big developments have radically changed the picture in the 1980s.

One has been the rise of living standards and increase of leisure time, which have facilitated attention to the quality of life, including physical fitness and the type of food we eat. This has been reflected not only in the jogging and exercise boom in western countries, but also in the growth in popularity of such foods as brown bread, yogurt and fresh fruit juice.

The second development was the introduction from the beginning of 1983 of new EEC food labelling regulations which forced manufacturers to include

EEC food labelling regulations force manufacturers to include details

details on labels of most main food ingredients and chemical additives under the "E" code classification.

At a stroke, shoppers became aware that the food they ate contained some nasty-seeming chemicals — either by name, such as hydrogenated vegetable oil—or by some mysterious "E" number.

From the middle of next year, regulations on specification of chemical additives and other ingredients will be tightened under further EEC legislation.

"There has been a fundamental shift in consumer attitudes," believes Mr Peter Davis, assistant managing director of Sainsburys. "We realised that we would have to make changes to meet these new concerns."

One change introduced by Sainsbury this month was its decision to drop artificial sweeteners, colouring, and flavouring from its own-label fruit squashes.

The particular villain was E102, the code name for tartrazine, which provides the colour in many processed foods, including squashes. Among its drawbacks, tartrazine has been cited as a cause of wakefulness in small children at night.

Tesco and other retailers and manufacturers are also becoming wary of using E102, although its harmful effects may be felt by only a tiny minority of consumers. Some studies have suggested that only 0.06 per cent of the population is allergic to tartrazine—a third of the proportion allergic to cow's milk.

Mr Davis points out, however, that retailers cannot move too far ahead of public opinion. "Three years ago, we were receiving only a trickle of letters asking why it was necessary to add colouring to our yogurt. I don't believe the consumer was prepared then for all yogurt to look exactly the same, despite being different flavours. Now, however, the time is more appropriate."

Soon, all Sainsbury own-label yogurts will be free of colouring and of preservative.

The removal of additives such as E102 from processed foods is a trend largely initiated by the main supermarket chains. "Food manufacturers appear less willing to make the changes themselves because of the problems in finding acceptable alternatives," points out Ms Gosden.

Large supermarkets are also in a stronger position to dictate to manufacturers what should be included because they use up stock more quickly than smaller grocers do, and new computerised stock-replenishment systems help keep to a minimum the time foodstuffs are on the shelves.

Supermarket chains and food manufacturers are worried about the lack of consumer understanding about food additives.

"Our survey showed that knowledge among consumers

Tartrazine has been cited as a cause of wakefulness in small children at night

generally was at the same stage as their understanding of fats and fibres 10 to 15 years ago," says Ms Gosden.

"Most people rated canned food as being particularly full of artificial chemical additives, when in fact they have less than dry processed foods." However, she acknowledges that tinned foods often contain more salt and sugar used in canning.

Moreover, consumers were generally of the opinion that all additives were harmful, although many have natural origins and no adverse effects, she says. E201, for example, the code name for the preservative sodium sorbate, is found in such products as frozen pizza but has no known adverse effects.

Muddled consumer thinking about additives is also influencing supermarkets' merchandising and marketing decisions.

"People would rather queue at a fresh-food counter to buy unwrapped cheddar than buy it pre-packaged because they think the unwrapped cheese is somehow more natural and additive-free," says Mr Gosden. "The truth is that both cheeses will contain chemical additives but only the packaged cheese, so far, has to say this publicly."

Such mistaken beliefs have forced supermarkets to promote their fresh foods, which can often cost more in terms of space and extra staff.

As Mr Gosden has told the supermarkets and food manufacturers which commissioned the study, "the key response to the additive concern is to deal with people's attitudes about what a product contains, rather than focus attention on particular additives."

Canned food manufacturers are understood to be already planning a campaign to counter the mistaken view about additives in tinned food.

However, is consumer concern about natural ingredients in food anything more than a passing fad?

Sir Richard Butler, president of the National Farmers' Union, said last week, "the general public is not prepared to pay more for so-called 'naturally produced food.' They are more concerned about price than the method of production."

Growth seen in small companies sector

By Ivor Owen

A CONTINUING expansion of the small companies sector of British industry was forecast by Mr David Trippier, Under Secretary for Trade and Industry, in the Commons yesterday.

The rate of formation of small companies has been exceeding deaths on an impressive scale since 1980, increasing the stock of businesses in the UK by some 140,000, he said.

Mr Trippier, who has special responsibility for small companies, said the establishment of the Unlisted Securities Market in November 1980 has helped create a climate conducive to entrepreneurship and business formation. It also enabled small companies to raise money at relatively low cost.

Preliminary results for the first year of the Business Expansion Scheme introduced by the Government indicated investment of more than £100m in some 500 companies by more than 15,000 individuals.

Mr Andrew Rowe, the Conservative MP for Mid Kent, joined other Government backbenchers in criticising the pressure exerted on small businessmen by Customs and Excise officials chasing overdue value added tax payments.

According to his information at any one time 85 per cent of registered traders were technically in default, suggesting the VAT system carried within it the seeds of non-compliance.

Proposed switch of computer training to MSC attacked

BY NICK GARNETT, NORTHERN CORRESPONDENT

THE MANPOWER Services Commission has told the National Computing Centre that its computer training scheme for school leavers, run successfully for the past nine years, might be incorporated into the proposed two-year Youth Training Scheme programme.

The idea was described yesterday as "a disaster" by Professor John Ashworth, vice-chancellor of Salford University and chairman of the NCC, a body set up by the Government in the mid-1970s to extend awareness and use of information technology.

One of its points is that "agents, local or national, would need to make their own arrangements for contributions towards the costs of their programme from sources other than the MSC."

The centre's scheme, called Threshold, is now entirely financed by the MSC. It involves 18 weeks of training at one of 70 colleges or commercial schools and 24 weeks at one of 3,000 companies that have taken trainees.

Mr George Penney, NCC's career projects manager, said one of the objections to Threshold being taken into YTS was that it would then provide insufficient off-the-job training.

The Threshold scheme normally resulted in students receiving the National Certificate in Computer Studies but they would not be able to attain this within the YTS. The NCC is also worried about possible finance problems and about the reputation of YTS, whether rightly or wrongly deserved.

The centre's scheme has helped more than 8,800 people mainly 17 to 19 year olds. Prof Ashworth said such a move would be counter-productive now that Britain was in need of more professionally trained information-technology staff.

Threshold would lose its identity and its skill base, "just to meet bureaucratic demand for uniformity," he went on, speaking at a celebration of the scheme, held yesterday.

Of those school-leavers who have been on the scheme, 82.5 per cent got employment, 7.5 per cent went into higher education, 10 per cent remained unemployed.

Breweries to exchange pubs

Scottish & Newcastle Breweries, a year after the official ending of its bid for J. W. Cameron, is to make a sizeable public house exchange with the Hartlepool-based brewer.

The exchange will involve the transfer of nine pubs to Cameron and 12 pubs to Scottish & Newcastle.

Scottish and Newcastle said the transfer would enable both companies to meet long-standing objectives of developing their tied estates in geographical regions in which they were under-represented.

The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

Total Net Assets (1) £million	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	Geographical Spread: UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 31.5.85 (12) base=100
	Cols. 1–6: as at close of business on Monday 17th June 1985					*Cols. 7–12: as at 31st May 1985*					
	CAPITAL & INCOME GROWTH										
426	Alliance Trust	Independently managed	635	3.9	832	43	47	7	3	91	339
103	Bankers	Touche, Remnant	89	3.9	120	43	40	9	8	104	332
232	Border & Southern	John Govett	155	3.0	217	51	25	19	5	106	279
72	Brunner	Kleinwort Benson	69	4.1	95	45	34	5□	16□	96	288
83	Charter Trust & Agency	Kleinwort Benson	82	3.7	101	63	22	11	4	98	291
128	Continental & Industrial	Schroder Wagg	623	4.1	737	59	35	2	4	99	297
503	Edinburgh Investment (w)	Dunedin Fund Managers	109	3.7	146	50	32	8	10	104	304
545	Foreign and Colonial	Foreign & Colonial	64	2.9	89	42	33	16	9	103	312
753	Globe	Electra House Group	263	5.4	366	65	25	9	1	103	+
292	Philip Hill	Philip Hill	238	5.8	301	70	28	–	2	92	300
9	Jos Holdings	Kleinwort Benson	130	3.5	141	79	15	4	2	97	305
35	Keystone	Warburg Inv. Man.	348	4.1	474	53	25	14	8	103	+
32●	London & Strathclyde	Gartmore	174	1.9	192	55	38	1	6	95	304
42●	Meldrum	Gartmore	167	3.5	207	82	14	4	–	92	339
97	Outwich	Baring Brothers	131	3.3	177	61	16	13	10	101	274
116	Raeburn	Lazard Brothers	310	4.5	419	55	33	7	5	97	277
79	River & Mercantile	Tarbutt & Co.	126	5.7	163	53	37	7	3	100	295
42	River Plate & General (w) △	Tarbutt & Co.	219	4.7	252	76	14	–	10	99	251
35	S. & P. Ret. of Assets (w) △	Save & Prosper Group	93	4.8	128	79	21	–	–	159	+
383	Scottish Mortgage	Baillie, Gifford	374	2.9	465	49	28	17	6	98	352
200	Scottish National	Gartmore (Scotland)	214	3.0	288	50	33	8	9	102	295
173	Scottish Northern	Paull & Williamsons	130	4.1	171	72	23	2	3	116	212
140	Second Alliance	Independently managed	544	3.7	724	41	49	7	3	93	339
465	TR Industrial & General	Touche, Remnant	142	3.5	202	46	24	22	8	107	269
375	Witan (w)	Henderson	150	2.6	201	55	28	11	6	107	335
	United Kingdom										
11	City of Oxford	Hambros Bank	234	4.4	266	99	1	–	–	97	290
51	Fleming Claverhouse	Robert Fleming	258	4.8	339	100	–	–	–	99	320
10	Shires (w)	Stanecastle Assets	205	8.6	204	94	2	3	1	65	219
113	TR City of London	Touche, Remnant	84	5.3	111	90	10	–	–	101	296
86	Temple Bar	Electra House Group	117	5.7	149	97	3	–	–	96	296
	CAPITAL GROWTH										
	General										
211	Anglo-American Securities	Morgan Grenfell	263	3.1	358	46	36	13	5	106	+
51	Ashdown	Schroder Wagg	131	3.2	164	60	27	8	5	95	283
165	Atlantic Assets	Ivory & Sime	101	0.7	134	24	73	–	3	90	271
66	Electric & General	Henderson	271	1.8	361	51	36	10	3	99	327
25	Greenfriar (w)	Henderson	242	0.9	262	65	17	11	7	108	413
	International										
85	Berry	GT Management	169	0.8	198	49	26	8	17	120	352
101	English & New York	Kleinwort Benson	102	3.5	125	32	46	9	13	102	277
76	English & Scottish	Gartmore	67	2.7*	87	45	26	11	18	87	294
15	F & C Eurotrust	Foreign & Colonial	129	1.8	131	5	–	–	95	97	238
191	Fleming Overseas	Robert Fleming	107	3.1	146	8	56	16	20	94	296
84	Fleming Universal	Robert Fleming	282	2.5	386	15	51	15	19	95	277
61●	Gartmore Inform. & Fin. (w)	Gartmore	47	3.4	63	42	53	3	2	115	265
25	Group Investors (w)	CS Investments	255	2.1	292	46	46	4	4	96	341
127	Hambros (w)	Hambros Bank	150	4.0	207	54	37	4	5	107	270
174	Investors Capital Trust	Independently managed	217	2.4	275	35	40	14	11	101	269
16●	London & Gartmore	Gartmore	260	0.8	282	37	53	3	7	87	302
9	Mid Wynd International	Baillie, Gifford	164	1.7	179	20	38	14	28	98	+
172	Monks	Baillie, Gifford	146	2.3	194	30	31	26	13	95	311
187	Murray Growth	Murray Johnstone	93	2.2*	119	37	42□	14□	7	94	298
71	Murray Smaller Markets	Murray Johnstone	170	1.9*	219	14	10□	22□	54	98	308
64	North Atlantic Securities △	Morgan Grenfell	269	1.7	333	–	59	28	13	99	+
117	Northern American	Dunedin Fund Managers	242	3.2	329	27	40	27	6	94	285
31	Northern Securities	GT Management	159	1.9	206	53	24	6	17	132	319
95	Romney	Lazard Brothers	236	2.8	320	34	41	13	12	95	283
238	Scottish Eastern	Martin Currie	76	3.5	106	51	26	16	7	109	272
322	Scottish Investment Trust	Independently managed	252	3.1	338	33	38	16	13	103	277
74	Trans-Oceanic	Schroder Wagg	150	3.2	204	36	42	11	8	96	279
73	Tribune	Baring Brothers	107	3.0	143	40	31	17	11	92	318
211	U.S. Debenture Corp.	GT Management	202	4.6	268	51	30	9	10	110	271
	North America										
143	American	Edinburgh Fund Mgrs.	127	3.3*	168	26	74	–	–	100	278
138	Edinburgh Amer. Assets	Ivory & Sime	102	0.6	122	22□	72	1	5	116	328
127	Fleming American	Robert Fleming	485	1.5	602	2	98	–	–	92	286
29	Gartmore American Secs.	Gartmore	110	2.6	143	27	64	7	4	94	324
110	Stockholders	John Govett	122	2.9	157	24	75	–	1	96	248
85	TR North America	Touche, Remnant	180	2.9	229	9	91	–	–	106	312
	Far East										
51	GIR Pacific (w) △	Thornton & Co.	79	0.6	102	–	–	68	32	100	+
24	Drayton Far Eastern (w)	Montagu Inv. Man.	112	1.4	140	4□	–	51	42	98	254
64	F & C Pacific (w)	Foreign & Colonial	130	1.4	175	14	26	33	27	97	241
162	Fleming Far Eastern	Robert Fleming	246	1.7	312	2	–	70	28	98	297
157	Lake View	John Govett	271	2.5	342	10	–	63	27	107	269
5	New Australia △	Edinburgh Fund Mgrs.	81	0.7	96	13	–	–	87	85	+
7▲	Pacific Assets (w)	Ivory & Sime	84	–	61	20□	–	–	80	74	+
30	TR Australia (w)	Touche, Remnant	81	3.6	99	9	–	–	91	100	234
112	TR Pacific Basin (w)	Touche, Remnant	118ac	1.2	150ac	5	1	69	25	97	323
	Japan										
30	Baillie Gifford Japan (w) △	Baillie, Gifford	275	0.2	278	–	–	100	–	93	+
50	Crescent Japan	Edinburgh Fund Mgrs.	129	0.9	149	–	–	100	–	100	456
130	Drayton Japan	Montagu Inv. Man.	361	1.0	456	4□	2	93	1	102	263
82	Fleming Japanese	Robert Fleming	436	1.0	532	4	–	96	–	96	391
56	GT Japan	GT Management	142	1.4	157	2□	3	91	4	113	467
51	Japan Assets (w)	Ivory & Sime	50	0.1	60	16	–	84	–	81	+
44	New Tokyo (w)	Edinburgh Fund Mgrs.	170	0.8	204	–	–	100	–	78	†
	Commodities & Energy										
6●	City & Foreign	Montagu Inv. Man.	119	–	160	7□	93	–	–	95	251
8	New Darien (w)	Hodgson Martin	67	0.7	76	23□	66	–	11	85	+
15	Precious Metals △	J. Rothschild	112	0.7	126	8□	60	1	31	83	†
98	TR Natural Resources	Touche, Remnant	221	4.8	302	33	42	1	24	101	214
63	Viking Resources	Ivory & Sime	71	2.3	108	40□	60	–	–	115	150
14	Wemyss	Edinburgh Fund Mgrs.	546	5.5	616	39	34	–	27	93	195
26	Winterbottom Energy	Baillie, Gifford	96	1.0	107	7□	81□	12	–	68	197
	Technology										
10	Baillie Gifford Tech. (w)	Baillie, Gifford	82	1.5	92	47□	47	2	4	49	†
61	British American & Gen.	Kleinwort Benson	103	3.6	116	56	34	6	4	96	245
71	Fleming Technology	Robert Fleming	131	2.4	179	45	32	20	3	94	284
87	Independent	Ivory & Sime	262	0.3	309	19	76	–	5	96	†
288	TR Technology	Touche, Remnant	85	2.9	113	38	45	13	4	104	288
	INCOME GROWTH										
110	Aberdeen △	Aberdeen Fund Managers	181	5.2	203	70	29	–	1	96	263
252	British Assets	Ivory & Sime	193	5.2	259	48	52	–	–	99	299
170	Drayton Premier	Montagu Inv. Man.	404	4.5	539	60	23	14	3	94	242
107	First Scottish American	Dunedin Fund Managers	263	4.9	337	77	13	9	1	92	324
58	General Consolidated △	Philip Hill	248	5.3	308	61	35	–	4	94	306
25	Lowland	Henderson	287	3.6	299	90	6	–	4	106	455
130	Merchants	Kleinwort Benson	95	5.6	125	54	29	7	10	91	280
124	Murray Income	Murray Johnstone	118	5.5*	137	74	14□	–	12	97	354
213	Murray International	Murray Johnstone	116	5.5*	160	35	47□	13	5	83	319
142	Securities Trust of Scotland	Martin Currie	115	5.0	153	56	29	12	3	107	296
	SMALLER COMPANIES										
38	English & International (w)	Montagu Inv. Man.	245	4.1	317	58	29	8	5	110	267
57	F & C Alliance	Foreign & Colonial	85	2.9	113	49	33	12	6	105	313
13	Family	Kleinwort Benson	226	4.4	291	96	3	–	1	102	310
9	First Charlotte	Ivory & Sime	12	0.6	12	95	3	2	–	95	+
19	Fleming Fledgeling	Robert Fleming	111	3.2	145	76	20	4	–	97	291
28	General Stockholders	John Govett	148	2.5	190	49	49	1	1	98	239
53	Glasgow Stockholders	Gartmore (Scotland)	113	2.6	137	48	37	4	11	100	288
24	London Atlantic	Investors in Industry	155	5.6	200	66	18	–	16	92	247
16	Moorgate	Philip Hill	285	5.4	331	90	4	–	6	95	323
17	North British Canadian	Investors in Industry	178	5.0	245	92	6	–	2	105	266
48	St Andrew	Martin Currie	100	3.7	138	56	27	12	5	95	293
175	Scottish American	Stewart Fund Managers	239	3.3	313	48	38	7	7	97	267
35	Smaller Companies Int.	Edinburgh Fund Mgrs	75	2.3	87	51	34	15	–	94	320
184	TR Trustees Corp.	Touche, Remnant	133	3.7	184	62	30	7	1	113	272
†	Throgmorton (w)	Throgmorton Inv. Man.	242	4.4	†	†	†	†	†	†	†
	SPECIAL FEATURES										
58	Ailsa △	J. Rothschild	96	2.1	114	47	29	14	10□	94	+
14●	Consolidated Venture (w)	Montagu Inv. Man.	99	1.2	126	–	100	–	–	85	252
130●	Drayton Consolidated	Montagu Inv. Man.	285	4.7	401	68	25	4	3	92	230
19	Edinburgh Financial (w)	Stanecastle Assets	41	2.5	43	74	10□	10	6	132	+
33●	Fleming Enterprise	Robert Fleming	260	4.3	334	99	1	–	–	99	333
252	Fleming Mercantile	Robert Fleming	114	3.8	160	52	30	7	11	98	287
21	GT Global Recovery △	GT Management	124	2.3	148	72	18	–	10	127	+
+	London Trust	London Trust Man. Serv.	91	4.3	+	+	+	+	+	+	+
46	Murray Ventures (w)	Murray Johnstone	282	2.2	368	59□	12	8	21□	84	310
75	Nineteen Twenty-Eight △	London & Manchester	166	3.0	200	94	6	–	–	100	263
8●	Stewart Enterprise (w)	Stewart Fund Managers	38	1.5	48	51	30	11	8	100	+
87	TR Property	Touche, Remnant	135	3.8	177	65	22	3	10	104	248
	SPLIT CAPITAL (x)										
21	Altifund 66/88	Gartmore	483	0.1	568	96	2	–	2	93	391
2	Child Health 87	Thornton & Co.	305	–	329	36	3	33	28	110	+
35	City & Commercial 88/93	Montagu Inv. Man.	576	–	820	87	7	5	1	113	+
31	Dualvest 85/87	Montagu Inv. Man.	1130	–	1307	90	9	1	–	107	+
28	Fundinvest 85/90	Montagu Inv. Man.	302	–	379	85	8	6	1	108	+
2	Marine Adventure 88	Thornton & Co.	207	–	215	38	3	32	27	114	+
34	New Throg. (1983)(w) 08	Throgmorton Inv. Man.	32	–	105	100	–	–	–	157	+
31	S. & P. Linked 95/97	Save & Prosper Group	242	–	515	100	–	–	–	121	382
19	Throg. Secured Growth –	Throgmorton Inv. Man.	274	–	372	100	–	–	–	–	226
78	Triplevest 87/91	Montagu Inv. Man.	735	–	1072	86	13	1	–	113	291

NOTES TO THE TABLE

- \+ No data.
- * Applies to Ordinary "A" Ordinary only.
- a Does not include special dividend.
- □ More than one quarter in non-equity investments.
- (x) Capital shares and winding-up dates.
- ▲ Shares partly paid.
- ac Adjusted for scrip issue.
- ar Adjusted for rights issue.
- (q) Published quarterly.
- (w) Company has warrants or options in issue.
- ● More than 20% in securities or other assets included at directors' valuation.
- △ The Trust has provisions for a limited life. Please refer to the company for further information.

(a) Cols. 1, 4 to 6 Figures supplied by Wood Mackenzie & Co. Ltd. members of The Stock Exchange. The figures in Cols 1&6 are simulated to date shown based on latest valuation supplied by the companies and made available to The Stock Exchange.

(b) Col. 11 The gearing factor indicates the percentage amount by which the net asset value per share would rise if the value of the equity assets increased by 100 per cent. Further explanation is given in the booklet "More for your money."

Additional explanatory notes are available on request from The Secretary, The Association of Investment Trust Companies, Park House (6th Floor), 16 Finsbury Circus, London EC2M 7JJ. Tel: 01-588 5347.

INDICES OF FIVE YEAR TOTAL RETURN

+ Investment Trust Average	294
F.T. – Actuaries All-Share	313
* Standard & Poors Composite	370
* Tokyo New Share Exchange	362
* Capital International World	331

\+ Excludes split capital.
* Adjusted for exchange rate changes.

هكذا من الأصل

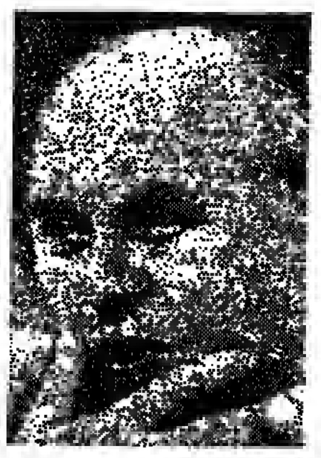
UK NEWS-LABOUR

Tory union laws 'being used to cover failures'

BY JOHN LLOYD, INDUSTRIAL EDITOR

MR NORMAN WILLIS, the TUC general secretary, yesterday accused the Government of using industrial relations law reform to disguise the problems it faced.

Mr Willis said: "The Government thinks it knows how to cover up failures. Every time anything goes wrong, they have a go at the unions."


Mr Norman Willis: "indigestible legislation"

Mr Willis, addressing the National Union of Marine Aviation and Shipping Transport Officers Association in Harrogate, was responding to indications earlier this week from Mr Tom King, the Energy Secretary, that the Government may introduce legislation to widen certain categories of members' rights.

Numast has been formed from the Merchant Navy and Airline Officers Association, the Radio and Electronic Officers' Association and the Mercantile Marine Service.

Mr Willis said: "We have had two employment Acts which do not seem to have done anything, indeed have done absolutely nothing, to curb the growing obscenity of unemployment.

"We have a Trade Union Act specifically designed to weaken the effectiveness of trade unions. Now when things are going very wrong, the Government thinks it better have another go at fooling at least some of the people all of the time."

Mr Willis appeared to hint that the present legislative framework had been broadly, if reluctantly, accepted when he said that "just at a time when some people are trying to work together to produce goods and provide services, along comes the Government with another load of indigestible legislation, another legal albatross.

"Removing the right to strike in essential services, however that is to be defined, would be provocative and self-defeating, and would not deal with the real issues.

"When will the Government acknowledge what in their heart of hearts—even their own backbenchers—must now begin to realise: that prevention is much better than cure, especially if the cure cannot work; that the Government is tackling the wrong end of the problem?"

Ravenscraig campaign launched

BY OUR LABOUR STAFF

THE SCOTTISH TUC yesterday held an all-party conference at Motherwell to launch a campaign against any move to close Ravenscraig steelworks as part of British Steel's discussions with the Goverment on its corporate plan.

Mr Michael Hirst, Tory MP for Strathkelvin and Bearsden, told the conference he was certain Mr George Younger, Scottish Secretary, would again defend the future of Ravenscraig as he did in 1982.

Mr Jimmy Milne, STUC general secretary, called for a £90m investment in coke ovens at the plant. A document drawn up by the STUC said the closure of a major steel plant would make Britain dependent on imports to meet its steel consumption needs.

The document said: "In this situation it is hardly surprising that there are pressures within the EEC for the closure of a major British steel plant. It is certain that if this was to go ahead the major beneficiaries would be the steel industry of West Germany, Belgium, France and Italy."

Mr John Langan, a member of the STUC's general council, said: "By the Government's own criteria, Ravenscraig has been a success story with levels of productivity now equalling anything to be found anywhere in the world.

"But the Government continues to dither over very much-needed investment at Ravenscraig and BSC's long-held wish to further contract steelmaking in Britain threatens Ravenscraig once again."

Mr Mick McGahey, Scottish miners' president, said miners recognised their part in the struggle to save the Scottish steel plant. Its future, and that of Polkemmet colliery, which was flooded during the year-long miners' strike, were "inextricably linked."

Mr McGahey said his union was urging the coal board to pump dry the West Lothian pit, which could provide 8,000 tonnes of coking coal a week for Ravenscraig and bring it back into production.

Mr Keith Brookman, assistant general secretary of the Iron and Steel Trades Confederation, said Scottish steelmen were not in competition with their colleagues in South Wales. Workers at Ravenscraig did not intend to be part of a campaign for survival at the expense of other people's jobs.

"What we require is an endorsement from the British nation as a whole that the five integrated steel plants will survive," he said. These are Ravenscraig in Scotland, Llanwern and Port Talbot, in South Wales, and Scunthorpe and Teesside in England.

Closed-shop sacking award

A BUS driver who was sacked by the United Counties Bus Company nearly two years ago, for refusing to rejoin a trade union, has accepted £16,000 in an out-of-court settlement for unfair dismissal.

The company operates a closed shop but agreed on the settlement after Mr Jim Sakals, 59, of Corby, Northants, was granted leave to appeal.

ITV final pay offer 6%

BY DAVID GOODHART

THE ITV companies have made a final offer of a 6 per cent pay rise to the main unions, and have rejected any increase in holidays or reduction in working hours.

The pay offer is almost certain to be rejected by the key union, the Association of Cinematograph Television and Allied Technicians. Rejection would probably be followed by a ballot on the offer among the 6,000 members.

The companies are set to take a tough stand in the light of their declining profitability.

The unions have been told that no improvements in conditions of employment, which involve additional costs or "restraint on operating ability," can be granted.

Staff strike unlawful, says union

By David Brindle, Labour Staff

LEADERS OF the Civil and Public Services Association have told the union's staff that their plans for a one-day pay strike next week are unlawful under the Trade Union Act.

However, the CPSA's right-led national executive committee will not go as far as using the Act to seek damages from the staff's union, Apex, if the strike goes ahead on Tuesday.

The 180-strong Apex branch at the CPSA has decided to stage a 24-hour stoppage, to be followed by guerrilla" disruptive action, without conducting a ballot to protect Apex from possible action for damages under the Act.

The dispute is over a pay offer to the staff of 4.75 to 5 per cent, equivalent to the Civil Service pay deal, underpinned by a flat-rate £6 increase. The staff, who have claimed £15 for most posts, have rejected an offer of binding arbitration.

One factor exacerbating the dispute is the CPSA executive's intention to re-establish links between top officials' pay and Civil Service rates—a move which would add £1,904 to the maximum salary of £23,629 of Mr Alistair Graham, the union's general secretary.

Portsmouth group's newspaper input deal may bypass NGA

THE PORTSMOUTH and Sunderland newspaper group is threatening to introduce full editorial and advertising direct input next month without agreement from the National Graphical Association.

NGA officials said yesterday that a final meeting between union leaders and Sir Richard Storey, Portsmouth and Sunderland chairman, was expected next week. If the company cannot win union acceptance of its terms, it will join other provincial groups such as the Wolverhampton Express and Star and the Kent Mesenger in bypassing the union.

Such a move would be another serious blow to the NGA's provincial press strategy of refusing agreement to new technology until "follow the job" deals can be arranged for members displaced by the technology.

Ironically, it was the Portsmouth and Sunderland group which raised NGA hopes of widespread acceptance for its "follow the job" policy when the company last year signed a transfer agreement allowing three NGA members to move into editorial jobs.

The NGA leadership held up that deal as a model to be followed by other groups and has very keen to complete the final stages of negotiation on direct input to show that transferance of NGA members is worthwhile to employers.

However, the Portsmouth and Sunderland management, realising that the NGA has been weakened over recent months, is driving a much harder bargain — one that the union may not be able to accept.

It includes allowing a wide range of non-union staff and outside contributors to send material direct for publication; extending direct input to the company's extensive contract work, and the introduction of a new grade of "inputter" on a rate about 85 per cent of the present NGA compositors.

Although Mr Tony Dubbins, NGA general secretary, is probably keen to secure a deal, he may find it difficult with the new conditions.

● Further indications that the frosty relations between the NGA and the National Union of Journalists may be thawing a little came yesterday at a conference of NUJ provincial press delegates. The delegates approved local level agreements between the NUJ and the NGA at the East Anglia Daily Times and the Brighton Evening Argus.

ECONOMIC DIARY

TOMORROW: Mrs Margaret Thatcher and Ministers to discuss public spending at Chequers. Mr George Bush, U.S. Vice-President, begins European tour in Rome.

MONDAY: CBI monthly trends inquiry (June). EEC Transport Council meets in Luxembourg. TUC Finance and General Purposes Committee meets. NUR annual conference in Ayr (until July 1). Transport and General Workers Union annual conference in Bournemouth (until June 28). ISTC annual conference in Jersey (until June 28). EMA annual conference in Plymouth (until June 28). Gulf Co-operation Council Foreign Ministers meet in Riyadh.

TUESDAY: EEC Environment Council meets in Luxembourg. COMECON summit in Warsaw.

WEDNESDAY: Quarterly analysis of bank advances and acceptances (mid-May). Detailed analysis of employment, unemployment, earnings, prices and other indicators. New construction orders (April). Labour Party national executive meets. Lloyd's of London annual meeting.

THURSDAY: Personal income expenditure and saving (first quarter). Industrial and commercial companies appropriation account (first quarter). Overseas travel and tourism (April). Energy trends (April). New vehicle registrations (May). Balance of payments current account and overseas trade figures (May). UK banking sector statistics (first quarter). Financing of the Central Government borrowing requirement (first quarter). Money stock (first quarter). LIFFE options market opens.

FRIDAY: European Council summit in Milan (until June 29). NUM national executive meets in Sheffield.

BASE LENDING RATES

A.B.N. Bank	12½%	■ Hill Samuel	§12½%
Allied Irish Bank	12½%	C. Hoare & Co.	12½%
American Express Bk.	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Johnson Matthey Bkrs.	12½%
Amro Bank	12½%	Knowsley & Co. Ltd.	13 %
Associates Cap. Corp.	13 %	Lloyds Bank	12½%
Banco de Bilbao	12½%	Edward Manson & Co.	13½%
Bank Hapoalim	12½%	Meghraj & Sons Ltd.	12½%
BCCI	12½%	Midland Bank	12½%
Bank of Ireland	12½%	■ Morgan Grenfell	12½%
Bank of Cyprus	12½%	Mount Credit Corp. Ltd.	12½%
Bank of India	12½%	National Bk. of Kuwait	12½%
Bank of Scotland	12½%	National Girobank	12½%
Banque Belge Ltd.	12½%	National Westminster	12½%
Barclays Bank	12½%	Northern Bank Ltd.	12½%
Beneficial Trust Ltd.	13½%	Norwich Gen. Trust	12½%
Brit. Bank of Mid. East	12½%	People's Trust	13½%
■ Brown Shipley	12½%	Provincial Trust Ltd.	13½%
CL Bank Nederland	12½%	R. Raphael & Sons	12½%
Canada Permanent	12½%	P. S. Refson	12½%
Cayzer Ltd.	12½%	Roxburghe Guarantee	13½%
Cedar Holdings	13 %	Royal Bank of Scotland	12½%
■ Charterhouse Japhet	12½%	Royal Trust Co. Canada	12½%
Choulartons	13 %	■ J. Henry Schroder Wagg	12½%
Citibank NA	12½%	Standard Chartered	12½%
Citibank Savings	12½%	TCB	12½%
Clydesdale Bank	12½%	Trustee Savings Bank	12½%
C. E. Coates & Co. Ltd.	13 %	United Bank of Kuwait	12½%
Comm. Bk. N. East	13 %	United Mizrahi Bank	12½%
Consolidated Credits	12½%	Westpac Banking Corp.	12½%
Co-operative Bank	12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	12½%	Williams & Glyn's	12½%
Dunbar & Co. Ltd.	12½%	Yorkshire Bank	12½%
Duncan Lawrie	12½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	13 %		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13 %		
■ Robert Fleming & Co.	12½%		
Robert Fraser & Ptrs.	12½%		
Grindlays Bank	12½%		
■ Guinness Mahon	12½%		
■ Hambros Bank	12½%		
Heritable & Gen. Trust	12½%		

■ Members of the Accepting Houses Committee. * 7-day deposits 9¾%, 1 month 10%. Top Tier—£2,500+ at 3 months' notice 12¾%. At call when £10,000+ remains deposited. † Call deposits £1,000 and over 9¼% gross. ‡ 21-day deposits over £1,000 10⅝%. § Mortgage base rate. ‖ See Provincial Trust Ltd. ¶ Demand deposits 9¾%.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Saturday June 22 1985

A warning to the wary

THE report of the official enquiry into the collapse of Johnson Matthey Bankers is not a comforting document for investors in general; apart from its lessons on bank supervision, which will clearly be more thorough and much more expensive in future, it carries uncomfortable implications for users of many other City-based financial services. The City has in the past been gentlemanly, clubbish, expensive but safe. Banking became far more competitive throughout the explosive growth of the 1970s, and has become substantially more risky in the 1980s: in a world of decreasing margins—the spread between the cost of funds and the return from lending them—the pressures to seek rewards at the risky fringes of the market are much higher.

None of this has greatly worried depositors. In the U.S. small depositors are explicitly insured; in this country, as JMB has shown again, the authorities are extremely reluctant to allow any significant deposit-taking institution to fail. It should also be said that despite JMB, the British system of informal supervision and moral suasion has worked pretty well. In the U.S., where fully qualified bank examiners are numbered in thousands—and a task force of more than 300 could be mobilised at short notice to tackle the Ohio savings and loan crisis—accidents have been disproportionately frequent.

What is disturbing, though, is that the same competitive pressures are now to be brought to bear through the whole of the securities market. London has no experience of a market dominated by securities traders rather than by brokers acting for clients, so there is no deep background of informal supervisory relationships to fall back on; nor is there any suggestion that the Bank of England, at the centre of the supervisory system, has the intention or the resources to act as lender of last resort to the whole system. Failures here are likely to go belly up.

It is true, of course, that the rather high cost of transacting business through the London markets will be driven down by competition—at least for large-scale players. Small investors may actually face a rise in costs, reflecting the actual costs of handling small accounts, and may have to wait for a time before market pressures produce the cut-price, cut-service outlets provided by discount brokers in the U.S.

They will, however, face somewhat larger risks from the start. The advice they get in future will not be disinterested; a securities trader, like a shopkeeper, will be anxious to push his own wares. There is nothing wrong about that; we do not require brokers to assist with our choice of cars or carpets. It is a different relationship, though, and poses a particular problem. Our own eyes will enable us to judge the quality of a retailer fairly shrewdly; his stocks are on display to be judged. It will not be nearly so easy to judge the quality of a securities trader, still less his financial soundness.

Ordinary investors, in these circumstances, are likely to fall back increasingly on one of two safeguards: dealing through the subsidiaries of huge, solid and familiar institutions (which would ironically result in less competition, not more): or transacting their business through bodies like unit trusts, whose past successes and failures of market judgments are a matter of record, and are widely analysed and discussed. These are perfectly sensible courses, and show that only the adventurous need face any enhanced risks in the new world.

Information

However, this conclusion suggests another: if published information makes investors safer, we should have more of it. Not only in London but in all European markets, standards of disclosure, especially from banks, are deplorably low. In the U.S., balance sheet analysis is a fully developed commercial art, and the published ratings of the solidity of the borrowers in the bond market provides a widely-recognised ready-reckoner of risks both for equity investors and for users of banking services. Here the information on which such ratings should be based is not published.

This message, which is really nothing more than the known fact that market efficiency is a function of information, should be pressed home especially hard on the present government, which dreams of a share-owning democracy, and plans a great extension of private provision for old age. Better information will be required not only by individual investors and savers, but by the institutions which will be entering markets entirely new to them — for example, building societies.

It may even prove of great service to the supervisors of the markets; for if the supervisors of the Bank of England can be so slow to recognise danger signals in a market in which their knowledge and experience is still highly impressive by world standards, what can be expected of the City's newer regulatory bodies? Accidents will happen under any conceivable system; but many pairs of eyes will notice more than a single pair, and a rule of "caveat emptor"—or in this case, caveat investor—demands that warning signs should be visible to the public.

BANKING IN BRITAIN

JMB: the end of an era

By David Lascelles, Banking Correspondent

IN ANY *history* of the City, Johnson Matthey Bankers will need a chapter of its own.

For sheer drama, it is a tale of banking incompetence on a scale that defies belief: a small bank manages to lose £248m, more than half its loan book of £400m, and forces the Bank of England to mount one of the most elaborate rescue operations ever seen in the UK because it happens to be a vital cog in the delicate machinery of the international gold market.

On another level, the affair has provoked a storm of criticism over the normally revered Bank of England, culminating in the charge by Mr Nigel Lawson, the Chancellor, on Thursday, that the Old Lady had "to some extent fallen down on the job."

This has been traumatic for the Bank and its Governor, Mr Robin Leigh-Pemberton, who had only been in the job a year when the crisis broke, and has accepted part of the blame. Officials within the Bank of England also admit that some of the storm caused by its handling of the rescue was due to its "political naivety" in committing huge sums of money to a badly managed bank at a time when industrial companies were under intense pressure all over the country.

But for the history books, the big story will be the turning point that JMB represents in the evolution of banking supervision in the UK: the changes it has set in motion may well mark the end of the gentlemanly codes by which the Bank of England and the City have abided for decades, founded on trust and frankness.

Instead, the teeming ranks of the 600 banks now crammed into London will be kept in line with more form-filling, closer scrutiny by accountants, more frequent meetings with a beefed-up team of Bank supervisors, and a string of new regulations that will be devised in the coming months.

"A sad day, but necessary" was how a senior banker viewed the scene yesterday.

The Bank claims it was misled by the report

That a tiny bank should have become the trigger for such far-reaching changes has partly to do with the timing of the JMB crisis—the growing size and complexity of UK banking today, and the uncharted waters into which the City is moving with the City Revolution. Many people feel that this is making a more formalised style of regulation inevitable anyway. This week's joint report by the Treasury and the Bank on reform of banking supervision focuses on those changes as much as on JMB.

But JMB also precipitated reform by exposing the weaknesses in the Bank's time-honoured supervision methods, showing that trust can verge on credulity, and flexibility on slackness.

Mr Nigel Lawson and Mr Robin Leigh-Pemberton pictured in happier mood earlier this year

Even the Bank's own account of the events, chronicled in its annual report published this week, admits to lapses. It shows that JMB grossly under-reported its fast-growing loans to two Pakistani businessmen who were known to be doubtful credit risks and eventually caused its downfall. The Bank, accustomed to receiving correct reports, was slow to question them.

When trouble did emerge in March 1984, it was not until August, five months later, that the Bank's officials had a meeting with JMB's management. By then matters had got so bad that it was only a matter of weeks before JMB found itself on the brink of collapse. Its loans to the two businessmen, it now transpires, were equivalent to considerably more than JMB's total capital, even though its reports showed them to be equivalent to no more than 72 per cent of capital.

The Bank of England claims it was also misled by the report of Arthur Young, JMB's accountants, who gave an unqualified endorsement to the bank's accounts at that time, and are now to be sued for several hundred million pounds of damages. The Bank insists that JMB's misreporting was due to mismanagement, and not to fraud or any wilful desire to mislead.

Had the Bank had a true picture earlier, and been more decisive, it might have avoided the drastic solution—nationalisation of JMB—into which it was finally impelled that memorable September weekend as rumours of disaster began to leak out into the world's banking markets.

The question is whether the reforms now proposed by Mr Lawson would have prevented the crisis—and provide any protection against a recurrence.

There is always a temptation to resort to tighter regulation after a crisis, and the new regime proposed by the Treasury and the Bank with their 34 recommendations seeks to resist some of those pressures. They accept the need for closer scrutiny of banks, to instal formal procedures to back up the honour system. But they also want to preserve some of the liberal traditions which have made London one of the world's most successful financial centres — and a major source of invisible earnings for Britain.

The onus is now on the Bank of England to make a success of its new powers

The examples of the U.S. and West Germany — which have formal supervision with examiners who periodically descend on banks and comb through their books — also suggest that a more rigid system is not foolproof. Their record of bank failure is certainly no better than the UK's, as names like Continental Illinois, Herstatt and Schroder Munchmeyer Hengst testify.

The main change will be the abolition of the distinction between recognised banks and licensed deposit-takers (LDTs). This "gentlemen and players" tiering assumed that banks with established reputations would respect the unwritten rules but that LDTs would need closer surveillance. Ironically JMB, despite its small size and obscurity, ranked as a full bank alongside Barclays and NatWest because of its key position as a gold house, which helps explain how it slipped through the Bank's supervisory net.

In future, all banking institutions will be subject to the more rigorous surveillance accorded to LDTs, which means the Bank will have greater powers to command information from them, and send its people in when it senses trouble.

What Mr Lawson called "the Iron Curtain" between the accounting profession and the Bank of England is also to be lifted to enable bank auditors to communicate with the supervisers. At the moment, the confidentiality strictures of the Banking Act and the accounting profession's own ethics prevent them sharing their concerns.

Whether a dialogue between Arthur Young and the Bank would have saved JMB is doubtful since the accountants appeared to believe that JMB was sound until very late in the day. But the accountants might have mentioned to the Bank that JMB's records were chaotic—always a sign of trouble.

Dialogue is a feature of banking supervision in many European countries, where it is widely viewed as constructive. But though it has been welcomed by the British accountancy profession, it is certain to cause unease among UK banks who fear it will create greater suspicion in their dealings both with their auditors and the Bank. Ethically, it also raises questions about the allegiance of auditors who are appointed by bank shareholders and are supposed to be accountable to them alone.

In future, there will be regular three-way meetings between bank management, auditors and supervisors at which the Bank's officials will get a professional auditor's view of a bank's financial health.

Another of the key reasons for JMB's failure was the concentration of more than half its loan book to only two borrowers. Although banks must flag loans to a single customer or related customers amounting to more than ten per cent of their capital, there is no outright ban.

If the reforms go through, banks will in future not be allowed to lend more than 25 per cent of their capital to a single name. But this rule will have to be carefully spelt out. If a country like Brazil counts as a single name, some of the UK's largest banks would *already* breach the limit today. Again, such limits are standard practice in many other countries, though they vary from 15 to 50 per cent.

The poor controls at JMB which allowed its lending to get out of hand were partly due to its unusual status as a subsidiary of a large industrial concern, Johnson Matthey plc, whose own management knew little about banking. When the crisis came, the parent was able to contribute only £50m towards its losses, leaving the Bank of England and a group of City banks to bear the rest.

This has sharpened concern about parental responsibility, and the need for proper supervision of banks forming part of larger business groups. From now on, the Bank will seek "letters of comfort" — effectively promises of aid in a crisis — from shareholders owning more than 15 per cent of a bank.

This will also reinforce the principle which the Bank is trying to establish for the City Revolution, that banks must stand by the Stock Exchange firms they are buying, even if they do not own them 100 per cent. The Bank is obliged by an EEC directive to devise consolidated supervision of any groups containing a bank or banks, so JMB has been a timely if unfortunate real life test case.

In practice many of these changes will not affect the household names in UK banking. NatWest, the UK's second largest bank said that at first sight "there is nothing that gives a bank like ourselves any cause for concern."

Smaller banks will find life a little more strenuous — and possibly more expensive as more time is spent on paperwork and auditors' fees rise. But the UK, with barely 120 bank supervisors, will still be less oppressive than the U.S. where, at a recent count, there are over 10,000 of them.

Whether the changes will work, only time will tell. But the onus is now on the Bank of England to make a success of its new powers because the likelihood of its being able to mount another JMB rescue is extremely small.

The Bank has painted the alternatives to bailing JMB out in the most gory terms: the costs of outright failure would have been incalculable because of the damage to the gold market and the chain effect on other banks, to say nothing of the effect on London's international reputation. The Bank has even hinted that its own resources could have been wiped out. (Contrary to popular belief these are not limitless: they currently amount to some £403m).

Only time will tell whether the changes will work

But this argument is viewed with some scepticism since it serves to justify the Bank's actions. In future, the big clearing banks will be much less willing to repeat the bail-out of JMB where they pledged nearly half the £75m put up by the City to cover the bank's losses. One senior clearing banker yesterday described JMB as "definitely a one-off."

Confronted with a crisis, they may think differently, of course. But their more hard-nosed attitude is itself indicative of the City's changing ways. And if the Bank cannot count on their support in future, it will have to make the new system work.

Man in the News

Harold Musgrove

Driving for 101 per cent support

By Arthur Smith

FEW CHIEF executives could relish running a company more than Harold Musgrove, chairman of Austin Rover, BL's volume cars division. It is not the lifestyle: the suit might be Savile Row but he smokes Hamlet rather than Havana. It is the fulfilment from action and making motor cars. The thrill of holding such power, with more than 40,000 employees, exudes from the man.

His management style is distinctive, bred of the certainty that he is right, and he brooks no opposition. "It is pure logic. You cannot argue with logic." he insists, jutting his chin and fixing your eye with a challenging stare.

It is that conviction and determination that has seen his company's five-year corporate plan emerge substantially intact after a six-month mauling from the best brains in the Department of Trade and Industry, the Treasury and Mrs Thatcher's policy unit at number 10.

Mr Norman Tebbit, Trade and Industry Secretary, told the Commons on Monday that he backed BL's £1.8bn investment plan, including new collaborative ventures with Honda of Japan and the politically sensitive issue of Austin Rover building its own engines and gearboxes for the Metro replacement scheduled towards the end of the decade.

The decision from a Government *anxious* to curb Austin Rover's spending might have been reluctant and was certainly overdue. Nor is it yet clear what the much-publicised wrangle has done for Musgrove's standing in Whitehall and Westminster, but it must mark a victory for the man who had argued before the BL board, ministers and top civil servants that the new engine was crucial to the future independence of Austin Rover.

On Monday, little more than an hour after Mr Tebbit had stood back from the Commons despatch box, Mr Musgrove was rising to spell out the action plan to his top executives assembled at the giant Longbridge factory in Birmingham—the old Austin plant where he had started as an apprentice with Derek Robinson "Red Robbo," the Communist convenor, who he subsequently dismissed in what proved to be a turning *point in BL's* troubled industrial relations.

One senior manager, who was once sceptical, said: "Musgrove was incredibly convincing. He dominated. I had not realised how important to our future the engine was." He notes, with others, Musgrove's new charisma in such public presentations.

But the Austin Rover power structure was laid bare for all the managers to observe. Musgrove gave the keynote address with his directors on hand merely to answer questions. There was little response from the floor. "To have posed questions without the benefit of anonymity would have been distinctly embarrassing," chuckles one executive.

Austin Rover is not merely a company where management has clawed back power from the trade unions and asserted the right to manage. It is a company now accustomed to knowing exactly where the instructions come from.

Musgrove, now 54, was plucked from the relative obscurity of management with Leyland Vehicles in 1978 by Sir Michael Edwardes, the former BL chairman, as a man likely to push through his new hard-line policies. In little more than five years, the one-time apprentice, who went to the local grammar school and Birmingham Technical College, was catapulted through the ranks to become chairman in 1982 of the newly-formed Austin Rover. He is the man credited with the successful launch of the Metro, Maestro and Montego models.

Musgrove, in tandem with Andy Barr, his wiry Scottish manufacturing director, was branded as the tough-guy, responsible for sorting out the trade unions, introducing new work-practices and boosting productivity. But while Barr has retreated into the background, laying the foundations for the technological advances the company must make, Musgrove has maintained the high profile.

"Harold will never change; he strikes fear rather than respect; *he* is a *workaholic* and checks every detail; everyone knows he demands 101 per cent; managers must deliver or else." Such are the comments that typify a man who seldom drops his stance in public. Collegues know that it is on a one-to-one basis that they are likely to influence his opinion.

Such was the dedication that motivated Musgrove's demand that the Austin Rover investment programme should go ahead in full. He insisted that the ability to design and manufacture a new engine for the Metro replacement was at the heart of the company's desire to maintain its independence and negotiate on equal terms with Honda.

Vital to Musgrove's success was Mr Ray Horrocks, group chief executive of the cars division, and BL main board director responsible for conducting negotiations with the Government.

But the irony is not lost upon the trade unions of the role played by Jack Adams, the Communist convenor at Longbridge who succeeded "Red Robbo." There is speculation that Adams had direct access to Musgrove for information which eventually contributed to a vocal campaign for the new engine by the unions and the Labour Party, pressure that was also *taken* up by West Midlands Conservative MPs.

For Musgrove, only one Government verdict on his plan was acceptable. Asked recently whether a compromise was possible, he turned with a smile to one of his major components suppliers: "Compromise? You know me. I never compromise." Back came the diplomatic reply: "Yes, Harold. I usually do come round to your way of thinking."

Burton and Debenhams

A bid for the connoisseurs

By Martin Dickson

"JUST TAKE a look at these," commands Mr Robert Thornton, chairman of Debenhams, the department store group, as he sits on a sofa in his crisp white office, north of Oxford Street. He lays out a set of smudgy colour photographs of various provincial clothing shops run by Burton, which is making a £559m takeover bid for Debenhams.

The snapshots are most unflattering. Uxbridge. Sheffield. Swindon . . . the names roll softly off Mr Thornton's tongue. "You can see the quality of the opposition," he says. "My God, just imagine letting this lot loose in our stores. . . ." The tone is that of a middle-class father trying to bar a rather rust, unsavoury youth from his daughter's tea party.

A short walk east from Mr Thornton's office, and tucked in behind Oxford Circus tube station, lies the headquarters of Mr Ralph Halpern, chairman of Burton, who has a little photographic exhibition of his own.

Mr Halpern, tanned and stylishly dressed in a grey double-breasted suit, greets you with an easy smile and ushers you to a display of blown-up photographs of Debenhams' Oxford Street store. The images are most unflattering.

"And that," he says, with a scornful wave of the hand, "is what Debenhams calls specialist retailing. Its dreadful." The tone is that of a super-salesman, sure of his own achievements, who cannot quite credit incompetence of his rivals.

For connoisseurs of takeovers, the Burton bid is shaping up as one of the classic. It has everything:

The target is one of the country's great old retailing names, whose 67 stores include many provincial high street landmarks, as well as Hamleys, the toy shop, and Harvey Nichols, the up-market Knightsbridge store. The motley cast of leading characters include several of Britain's most successful businessmen, with egos to match.

And the outcome could play a significant role in deciding both the style of high street retailing into the 1990s and the share of the market held by the leading companies.

This helps explain why the bid has drawn in so many players. Burton is being backed by Sir Terence Conran and his Habitat-Mothercare group, which would have a contract to redesign Debenhams stores. It would also have the use of 20 per cent of the trading space for its own merchandise and it has taken an option to acquire up to one fifth of Debenhams at Burton's original purchase price.

Other parties jostling for position include the newly knighted Sir Philip Harris and his Harris-Queensway group which last year formed joint companies with Debenhams and took over its furniture and electronics operations. The better to protect his position, Sir Philip recently bought up a 4-5 per cent shareholding in Debenhams.

Mr Gerald Ronson and Heron International, his property and filling station group, are thought to have a similar stake, while House of Fraser — one of Debenhams greatest rivals — has built up a holding of near 8 per cent, giving it a seat near the top of the table. Burton holds a mere 0.7 per ceot.

The bid could yet be referred to the Monopolies Commission, sending it into the deep freeze for six months, possibly never to reappear. But assuming no reference, how are the two sides measuring up to one another?

Burton began the battle with one great advantage: its City image. Both it and Habitat-Mothercare have well-deserved reputations as two of Britain's most successful and imaginative specialist retailers. In Burton's case, much of this is attributed to the marketing skills of Mr Halpern, who took over as chief executive in 1977 and began transforming a dowdy, old-fashioned menswear group into a retailer of casual clothes for the young, targetting each segment of the market through chains such as Dorothy Perkins and Top Shop. Pre-tax profits have soared from £12.6m in 1980 to £56.4m last year.

Debenhams, by contrast, has suffered from a distinctly stodgy image in the City—due largely to its unimpressive profits record, despite the various improvements made by 61-year-old Mr Thorton since he took over in 1974. "When I came into Debenhams," he says, "I found myself with a rotting collection of stores. I had to pay off the debts, set up a staff pension fund, even get cockroaches out of the restaurant."

Nevertheless, Debenhams, in common with Britain's other general department stores, has found itself losing market share to the more specialist high street multiples, such as Burton, Boots and Marks and Spencer. Over the past two years, in an attempt to reverse the trend, Mr Thornton has transformed the group's traditional structure, bringing into the store specialist retailers such as Harris Queensway, Benetton and Jaeger and creating 10 separate companies with total responsibility for hiring staff, buying merchandise and selling it.

It seems to be starting to produce results: group pre-tax profits, which showed little growth between 1981 and 1984, and fell sharply to £19.5m in 1983, rose by 25 per cent in the year to February. And in its formal defence document, published yesterday, the group is forecasting a further 47 per cent increase to £60m, which should help improve its image in the City.

The Burton attack has two parts: one is to contest Debenhams past lacklutre financial record with its own impressive growth (though running sprawling, outdated department stores and specialist chains present different problems); the other is to criticise not so much Debenhams specialist retailing strategy, but what Burton claims is its total lack of flair in implementing this.

What Burton is offering instead is the "Galleria" store. An simple, but imaginative, variant on the stores-within-a-store idea.

Under the guidance of Sir Terence Conran (the originator of the idea in the UK), Debenhams stores would be filled with highly focused specialist retailers such as Dorothy Perkins and Habitat. An important element of the plan would be to take large chunks out of the front of the stores, glass over the roofs and create huge atriums, with escalators going up to all floors. Shoppers would be able to see clearly from the ground what shops were on offer on each level.

The idea is to overcome the great weakness of multi-storey department stores — the reluctance of shoppers to venture beyond the ground and first floors.

The Galleria vision has been enthusiastically welcomed by many City analysts:

But, as Debenhams has been quick to point out, it is also fraught with potentially formidable problems, including questions of planning permission, the closure of stores during conversion and huge capital costs.

The Burton camp has not put a figure on the sums likely to be involved, but guesses range from about £250m over five years up to Debenhams' claim of £400m.

Such sums do not look quite so formidable when set against Burton's capital spend last year of £67m and Debenhams' own plans for investment of £30m-£50m a year over five years.

Furthermore, Burton is hungry for additional high street space. A takeover would give it this, as well as a powerful entree to a market it is only just beginning to tap — that for the over-30s. Whereas two-thirds of Burton's present customers are under that age, most of Debenhams are over it.

Whatever the merits of these different strategies, Burton's bid seems to have no chance of success at its present level. It is pitched some 53p a share below Debenhams price, represents a p/e ratio of a mere 10 on Debenhams forecast earnings, and would mean a substantial drop in dividend income for anyone accepting.

The wily Mr Thornton still has numerous cards to play to keep his share price bouyant. One is a property valuation. Another is talk of mounting a counter bid from a consortium should this bcome necessary.

Whether the consortium will prove any more solid than the idea of a management buy-out which preceded it has yet to be seen. Possible participants include Harris Queensway, Heron and Heoworth (whose chairman, Mr George Davies, held talks with Mr Thornton yesterday morning).

Assuming a higher offer emerges, much will depend on how well each side manages to get across its talent for that most intangible yet central ingredient for retailing success—sheer market flair. Many more snapshots, diagrams and sensitive pencil sketches wil be flying around before this battle is out.

Mr Robert Thornton (left) and Mr Ralph Halpern

The U.S. hostage drama

Reagan tries to lay the ghost of Carter

By Reginald Dale, U.S. Editor in Washington

"LET TERRORISTS beware that when the rules of international behaviour are violated, our policy will be one of swift and effective retribution. We heart it said that we live in an era of limits to our powers. Well, let it also be understood, there are limits to our patience."

Those ominous words were spoken by President Ronald Reagan, at the end of his first week in office, as he welcomed home the Iranian hostages, after 444 days of agonising captivity, on January 27 1981. In Mr Reagan's America, such things were not going to happen.

He has not been allowed to forget that promise this week. For the past eight days a new, and in some ways even more complicated hostage drama has unfolded in the Middle East which, whether he likes it or not, is putting Mr Reagan in

Mr Reagan has begun even to sound a bit like the man he criticised in 1980 for "standing there and doing nothing." When the Iranian hostages were taken, Mr Carter dismissed military retaliation as the same kind of "violation on human decency" that the terrorists had perpetrated. His "deepest commitment" was to win the hostages' release through peaceful means.

In his nationally televised news conference on Tuesday night, Mr Reagan sounded a virtually identical theme. "You don't want to just carelessly go out and maybe kill innocent people. Then you're as bad as the terrorists," he said. He was prepared to "wait out" the crisis so long as the hostages were alive and under threat, and there was a probability of securing their safe return.

By Thursday, with Wednesday's bombing at Frankfurt airport and the murder of six Americans, including four marines, in Sao Salvador, an increasingly frustrated Mr Reagan was declaring that "our limits have been reached." But while it was easy to announce that he was rushing military assistance to El Salvador, there was no obvious outlet for his frustration over Beirut.

The fundamental problem facing Mr Reagan, as it did Mr Carter, is one of powerlessness—the fact that despite all the armed might of America, and Mr Reagan's own massive military build-up, the biggest in peacetime history, there is no way to put it to use. As one terrorism expert shrewdly remarked this week, if you were, say, Iran, and you wanted to fight the United States, you would choose terrorism, because it minimises the power difference between large and small countries.

As he struggles to persuade the nation that the TWA hostages cannot be compared with their predecessors in Tehran, Mr Reagan has repeatedly made the point that while Mr Carter was dealing with a Government, he is not.

He has tried to conduct business as usual. He will not, say his White House advisers, let himself be "consumed" by the crisis like Mr Carter. And yet, wherever be turns, there is no escaping it.

For the moment the nation is, on the whole, sympathetic to Mr Reagan in his plight. The hijacking can hardly be said to be his fault — in the same sense that he was responsible for the marines who lost their lives in the Lebanese bomb blast of October 1983.

He has tried to conduct business as usual

In its bitterness and anxiety, the country, and Congress, have followed their traditional practice of rallying round the President. Mr Reagan, as he travels around the nation, is greeted by cheering and patriotic (though usually carefully selected) crowds of supporters, and his promises never to "cave in" are met with standing ovations.

A new national hero has emerged overnight in the shape of Mr John Testrake, the cool and collected pilot of the hijacked Boeing 727, whose firm but urgent messages to the Beirut control tower — "They have just killed a passenger" — have left an indelible impression. His display of the American virtues of guts, religious faith and steadiness in adversity have provided at least some comfort and reassurance.

The few soundings of opinion there have been have shown majority approval of Mr Reagan's handling of the crisis — increasing after his Tuesday night news conference — but at the same time a widespread desire that Israel yield to the hijackers' demands and release its more than 700 Shi'ite prisoners.

The public seems to share the conflicting views of the Administration that concessions cannot be made to terrorists but that the top priority must be the saf erelease of the Americans.

Inevitably, the Administration has received a mass of unsolicited and contradictory advice from the army of "experts" who have been paraded incessantly on the TV screens during the many long hours when the news from Beirut has been slow.

At a time like this, people expect to be able to turn to their televisions to find out what is going on. To the full extent that it can, the drama will be played out, and fiercely fought out between the networks. And again, inevitably, the media is already being criticised for its performance.

"Sources" in the TV industry have accused ABC of bribing the hostages' captors to secure an exclusive interview with Mr Testrake — an allegation ABC hotly denies. In their bid for national attention, the networks have been bursting on to the air with non-news, or sometimes wrong news.

But the media is now inextricably part of the drama. Mr Nabih Berri, the captured Americans' caretaker, is using televised Press conferences and interviews with the hostages to play on the nerves of the American public. Mr Reagan must respond in the same way.

The nation has not yet reached the state of traumatic anguish induced by the seemingly never-ending ordeal of Tehran. But the anger and the helpless frustration are there, and the desire for vengeance is strong. If Mr Reagan can sooner or later devise a form of retribution that really is "swift and effective," he will not lack for support. He might also, in his own eyes and in those of many other Americans, lay the ghost of Mr Carter that has returned to haunt him this week.

Letters to the Editor

Burdens on small firms

From Mr K. Miller

Sir,—The Department of Trade and Industry, in its consultative document "Accounting and audit requirements for small firms," has put forward suggestions for reducing the burden on such companies. Among these is removal of the statutory audit requirement for small, owner-managed companies on the grounds that its cost outweighs the benefits to the shareholders or to creditors.

Audit fees are often only a small proportion of the total professional fees paid by small companies. Fees for financial advice and accountancy and taxation services are frequently far more significant and removal of the audit requirement will not necessarily affect these. Many small companies would still require their accountants to produce accounts, whether audited or not, to meet their own needs, the requirements of their bankers and those of the Inland Revenue.

Accountants would in large measure be compensated for the small loss of audit fees by the removal of an area which can create a disproportionate amount of friction between the accountant and his client. Though reactions are bound to be mixed, it is probable that the accountancy profession will tend to support the proposals.

Whether the proposals are acceptable to society as a whole, however, is another matter. For example, the audit costs saved may well be outweighed by the additional costs incurred by creditors, who may need to research the financial probity of the small companies with whom they deal: the Inland Revenue, which will spend more time investigating and challenging the accounts of such companies; and bankers, who may still insist on audited accounts before providing overdrafts and loans.

Perhaps a more cost effective compromise is the suggestion that the content of the statutory accounts of small companies be simplified. There is already provision for this in the Companies Act but these simplifications do not apply to the accounts presented to shareholders, only those filed with the Registrar of Companies.

Society will also have to consider whether the audit requirement is the price shareholders in small companies must be prepared to pay for the privilege of limited liability. Notwithstanding the fact that some companies may be years behind in having their accounts audited or filed at Companies House, the requirement to produce annual accounts, prepared in accordance with accepted accounting standards and audited to approved professional standards, still provides society with a useful means of curbing those people who might otherwise abuse accepted commercial and fiscal practices. This safeguard should not be lightly put aside.

In "Burdens on business," the DTI's recent scrutiny of administrative and legislative requirements, company law (including the audit requirement) was identified as being only the 13th most burdensome item. Its seriousness index of 44 was less than one-eighth of the most burdensome item—VAT. Despite this, the 1985 Finance Bill includes provisions concerning VAT enforcement which will drastically increase the demands made by VAT on small businesses. It is ironic, therefore, that while one branch of government seeks to alleviate what its own studies indicate is only a minor burden, other branches—namely the Treasury and H.M. Customs and Excise—are seeking to make the prime burden on business heavier than ever.

K. G. Miller.
(Audit Technical Manager),
Finnie & Co.,
S. Gote Street, WC2.

More part-time working

From the Chairman, National Federation of Self Employed and Small Businesses

Sir,—Prof. P. E. Hart (June 12) highlighted the drift from full-time to part-time work but only touched on some of the causes. The bulk (i.e. 87 per cent) of UK businesses employ less than six people. The sheer unproductive grind of red-tape, bureaucracy and harassment from officialdom on this size of company is a major cause.

Employers, faced by this jungle, will take the easier option of part-time workers because by this simple means (intimated by Prof. Hart) much of this unasked for burden can be lifted. Not only National Insurance and PAYE but much employment law, etc.

Incidentally, the proposed new pensions (outlined in Mr Fowler's Green Paper) will force all employers to run a pension scheme. The total irrelevance of this to small firms will be seen by a massive switch from full to part-time of the remaining employees since by doing this they will escape the necessity of providing such schemes.

There is a total failure of people in high places to recognise the size and extent of small businesses. It is here that the greatest potential for soaking up the unemployment rests, yet legislation, present past and now future is doing its utmost to either prevent it, or at best allow part-time employment, in this sector!

Bernard A. Juby
c/o 1 Wash Lane,
Yardley, Birmingham

Disclosure of charges

From Mr A. Ross

Sir,—The implication of recent letters and much Press comment, is that personal pensions will necessarily be worse value than company schemes—as a result of high charges and commission.

It has not been sufficiently emphasised that there are a number of single premium personal pension policies already available with low charges which provide little or no commission for the intermediary (whether independent broker or tied salesman).

Many annual and monthly premium personal pension plans, because of the heavy loadings for commission, currently represent outstandingly poor value on any terms. It is, however, perfectly feasible, given efficient systems, to market and administer personal pensions as economically as company pension schemes. The essential need is to ensure the fullest possible disclosure of charges and commission—so that employees will be able to make sensible and proper decisions when selecting their personal pensions.

A. W. P. Ross,
Framlington Life Insurance,
3, London Wall Buildings, EC2.

Payment of commission

From the Managing Director, Collinge Rayner Associates

Sir,—It is quite possible that the letter from Mr D. Fettes (June 13), in which he suggested that commission should be spread over the term of the policy, may well be "met with howls of protest from insurance brokers and tied agents alike." We would welcome this arrangement.

Our associated company handling general business receives a reasonable level of commission each year on contracts as they are renewed. If we do not provide the service expected of us then we may well lose the business to another broker. The same principle should apply to life contracts.

The normal level of the renewal commission received on pensions business cannot cover the costs involved in providing quality technical service.

A. T. Collinge,
634, Bristol Road South,
Northfield, Birmingham.

Dealing in shares

From Mr L. Goslin

Sir,—In his article on share dealing commissions (June 15) George Graham puts forward the ridiculous point that the same amount of work is done to process a £500 bargain as a £5,000 one, implying, of course, that the broker would prefer the latter. So what!

An electrical retailer would prefer to sell a £400 hi-fi to a £1 tape. Likewise an estate agent would prefer to sell a £100,000 house to a £20,000 one. As with the stockbroker, both deals would involve the same amount of work and overheads. If either chooses to turn up his nose at orders that were not highly remunerative, the market would shrink and dry up. They'd be out of business.

Stockbrokers, however, are a privileged breed. There is a minimum commission rule which cushions them against tiny and unremunerative deals. The vast majority of stockbrokers are quite happy to take as many of their £10s as they can get. The flawed logic of George Graham's argument dictates no upper limit. Why not make it £50,000? The avarice of the few would then be appeased, but unfortunately the phrase "restrictive practices" would rear its ugly head, bringing Beale House into the ball game and another big bang.

Lionel S. Goslin.
2, Wyke Oliver Road, Preston,
Weymouth, Dorset.

The language of competition

From the Managing Director, Roy Wilson Dickson Holdings Birkenhead.

Sir,—Guy de Jonquieres (June 17) compared Europe's lack of vitality with Japan and the U.S.'s dynamism but he did not mention that the European tortoises frequently cannot communicate with one another because of language problems.

Europe requires a revolution in multiple language ability not an evolution. Much time is already devoted in schools to language teaching but to little effect.

There is only one way to learn a language and that is to live where it is spoken. Instead of years of boring French, German, Italian or Spanish lessons pupils should be sent to two or three of those countries to live for several months in each country. There would effectively be a massive exchange system.

Any revolution in Europe of this type must be initiated by the EEC. If we can readily communicate with one another, then we shall be able to start competing with Japan and the U.S.

Michael Gayford,
Dudley House,
Price Street.

UK COMPANY NEWS

Baker Perkins £10.5m cash call

Baker Perkins Holdings yesterday announced plans to raise £10.5m via a rights issue along with its results for 1984-85 showing a near doubling of pre-tax profits to a record £13m.

The one-for-five rights, which is being underwritten by Morgan Grenfell & Co. will contribute towards the company's investment programme and give additional financial strength for expansion via acquisition.

Expenditure on research and development in the year to March 31 was around £8m—a similar amount is projected for this year—and investment in plant, machinery and buildings was about £9m which the board anticipates to be at least £14m in 1985-86.

Shareholders' funds at the year-end stood at £63.66m. Creditors falling due within one year amounted to £84.14m while those falling due after one year totalled £9.72m. Interest charges in 1984-85 rose from £1.8m to £1.96m.

The company's shares closed down 12p at 190p yesterday giving a discount of 13 per cent to the rights issue price of 165p.

Over the 1984-85 year the group achieved further sales growth of 27 per cent from £194.24m to £247.27m following the 18 per cent rise in 1983-84.

The pre-tax result, compared with £6.83m previously, reflected growth in food processing and printing machinery while the chemical machinery side fell deeper into the red.

Within food processing and packaging machinery operations, orders, sales and operating profit for the group's biscuit, confectionery and snack machinery business were again all at a high level.

The value of new orders from North America fell from the exceptional level of 1983-84 but this was more than offset by a rise in demand from Europe.

Losses on the bread bakery machinery side were reduced as sales improved by 28 per cent.

Printing machinery orders again increased in value as a result of increasing market acceptance of the Baker Perkins G14 press in the U.S. coupled with the strength of the dollar.

The final dividend is being raised from 3.5p to 4.15p, lifting the total payout by 0.85p to 6.75p.

● comment

Baker Perkins' commitment to spend £19m this year on capital investments and acquisitions has led it to make its first rights issue in six years. Some may find an aversion to gearing of over 40 per cent an expression of timidity but perhaps the conservative approach will, on balance, win more supporters for a company with such a strong U.S. presence. This will be especially the case if the use of the fresh funds is seen to be concentrated on the group's more promising areas and a tougher attitude is taken to the loss makers. Chemical machinery (a victim of the high dollar as most production is in the U.S.) has been poor for three years and cries for a decision. Likewise the South African involvement, now an associate, where partial disinvestment has not proved a success. In the UK, Rose Forgrove was cosseted by a large Russian order for tea packets but it has floundered since with the rationalisation process taking too long (and coming too late?). The gain by printing machinery (two-thirds of the increase in operating profits) underlines the group's leading position in the web-offset market worldwide and add-on acquisitions would be a further boon. For 1985-86 the analysts are looking for £17½m pre-tax, which has the shares trading modestly on a perspective multiple of 8 (30 per cent tax charge) at 190p down 12p.

Miners' strike hits Associated Heat profit

THE MINERS' strike was blamed by Associated Heat Services for a 19 per cent fall in pre-tax profits for the year to March 30 1985. Despite increasing turnover by 14 per cent from £38.84m to £44.17m pre-tax profits fell from £3.71m to £3.01m.

Lord Ezra, the chairman, says that the year was dominated by the dispute and, although it was possible to pass on some of the extra costs, many were borne by the company. These included the maintaining of expensive stockpiles and increased maintenance costs of clients' boiler plants because of the inferior quality of coal being used.

"With the miners' dispute behind us," Lord Ezra adds, "we can justly boast not only that we kept our clients fully supplied throughout a period of unprecedented disruption but also that we achieved this at no cost to our clients in terms of losses of boiler efficiency."

The directors consider the problems to be exceptional and the results were significantly better than seemed possible at one time.

During the year a record amount of new business was secured, the benefits of which are beginning to show through in the figures for the present year. Lord Ezra says that sales activity continues at a high level.

Tax took £1.27m compared with £1.4m for the previous year, when there was also an extraordinary item of £797,000. Profit after extraordinary items and tax came out ahead at £1.74m, against £1.51m. Earnings per share fell by 25 per cent from 28.9p to 21.7p.

The directors are proposing a final payment of 7.7p, making a total for the year of 11p, a 10 per cent rise on last year's total. Lord Ezra says that reflects the confidence of the directors in the company's prospects and its underlying strength.

The company has recovered quickly from the strike. Stock levels are back to normal and quality is no longer a major problem. The chairman adds that AHS is well placed to realise its potential and he expects a satisfactory year as business continues to increase.

The present year has started well and the future is viewed with confidence.

● comment

The surprise was, if anything, a pleasant one when Associated Heat Services turned in its 19 per cent fall in pre-tax profits yesterday. During the coal strike the company adopted a policy of absorbing many of its increased costs rather than passing them on, in the interests of good long-term customer relations. At the interim stage there was a degree of concern over what the consequences would be for the full-year result, but in the end it came marginally above the City's expectations. Unlike many companies connected with the coal industry, Associated Heat Services seems little affected by lingering after-effects of the strike and the 10 per cent rise in the dividend seems justified by the underlying strength of the business. There is no reason to suppose that the company will be hindered this year from resuming the road to growth, with profits up to £4m against the previous best of £3.7m in 1982-83. The market clearly agrees: the share price closed yesterday 7p up at 348p, putting the prospective p/e ratio, after a 35 per cent tax charge, at a realistic 11.

Recovery at Renold continues in second half

RECOVERY continued in the second half of the year to March 30 1985 at Renold, the power transmission products and machinery manufacturer.

On turnover up slightly from £116.2m to £121.4m, pre-tax profits came out at £4.5m, compared with nil for the previous year.

That is better than the £4m forecast at the time of the rights issue in January this year. And the company is still on course for resuming the dividend payment at the end of the present year.

Sir Campbell Adamson, the chairman, says that considerable headway was made during the year in improving efficiency and the slight increase in orders reported last year was sustained during 1984-85.

The core chain and gear businesses were profitable, orders having grown steadily throughout the year and there being an encouraging reduction in costs. The French subsidiary was not yet profitable, but remedial action was being taken.

In the group's growth businesses, Sir Campbell says that Manesty, the pharmaceutical machine and equipment maker, had a successful year and machine tools and rotors achieved a particularly noteworthy performance.

The electronics business significantly increased turnover, from a relatively small base, and had outgrown its premises. A move to a new factory was planned for the end of the year.

Sir Campbell Adamson, the chairman

Overseas marketing subsidiaries had a particularly good year with notable performances in Australia and New Zealand. Overseas sales amount to 72 per cent of group external turnover.

The regeneration of the group is well under way, the chairman says, and the financial restructuring was achieved ahead of plan. The proceeds from the rights issue together with a further reduction in borrowings reduced gearing from 103 per cent to 60 per cent.

Trading profits were £9.1m, compared with the previous year's £5.1m, with the UK contribution increasing to £5.7m (£1.3m) and overtaking that from overseas at £3.4m (£3.8m). Pre-tax profits were struck after interest of £4.6m, down from £5.1m in 1983-84.

Overseas tax took £1.2m (£900,000), minority interests were unchanged at £100,000 and preference shares took £100,000. In the previous year there was no preference share payment but extraordinary charges of £9.3m. Attributable profits for the year were £3.1m (£10.3m loss). Earnings per £1 share were 6.7p, compared with a loss per share of 2.2p for 1983-84.

● comment

A combination of drastic rationalisation and extensive capital restructuring is at last paying off for Renold, and the pre-tax profit of £4.5m is something of what above forecasts. The rights issue earlier this year has cut borrowings from 100 per cent in 60 per cent of shareholders' funds and enabled the company to invest in improving the efficiency of its main business of making chains, in which it is still a world leader. Meanwhile its vigorous higher technology offshoots such as Manesty, which supplies pill-making machines and other products to the pharmaceutical industry, are showing their potential. Profit forecasts for the group are necessarily hesitant in the light of recent performance, but with the shares up 1p at 54p, a cautious £6.5m produces an undemanding p/e ratio of under 7.

First Security offer result

The offer for sale of 4.99m shares in First Security Group attracted only 370 applications for 560,981 shares. The shares will almost certainly trade at a discount to the 160p offer price when dealings start on Thursday.

Mr Michael Del Mar of L. Messel, broker to the issue, said that two factors undermined the issue. The market has become overwhelmed by the number of new offers and rights issues and share prices generally have turned weaker.

First Security, a manufacturer of equipment for car safety, security and fire detection was floated-off by Midepsa International, the Canadian investment company.

Prudential expands into Ireland

BY BRENDAN KEENAN IN DUBLIN

PRUDENTIAL ASSURANCE is moving into the Irish Republic with the acquisition, for £27.5m (£22m), of Insurance Corporation Life, the profitable subsidiary of Insurance Corporation Ireland, which ran into difficulties and was taken over by the Irish Government from Allied Irish Banks.

The Prudential has not operated previously in the Republic despite its presence in more than 30 countries. Mr Brian Medhurst, the managing director, said yesterday that it had been looking at Ireland for some time. The availability of IC Life was "an unexpected opportunity to acquire a vigorous and successful company."

The consideration will be satisfied by £2.75m (£2.19m) in cash and the issue of 2.89m shares.

Prudential's bid is believed to have beaten off some other major UK firms. The price is somewhat higher than most analysts estimated and the money will be welcomed by the Government-appointed administrator of IC, which faces losses estimated, so far, at between £160m and £120m.

IC Life had premium income last year of £77.5m and a surplus, after tax, of £3.6m. The company sells unit-linked policies and policyholders' funds were £168m, at the end of 1984.

Prudential has more than £20bn of funds under management. Mr Medhurst said the acquisition was a major step in strengthening the company's position within the EEC.

Most of IC Life's management team is expected to remain with the company. It is not yet decided whether the company will continue to trade under its own name, as Prudential, or some combination of the two.

Pacer Systems' issue price scaled down

Pacer Systems, the latest high-tech company to join the USM, has had its issue price severely scaled down as a result of the recent slump in the electronics sector. Stockbroker Simon and Coates is bringing Pacer, a U.S. company involved in systems engineering for U.S. Government defence agencies, to the market on a price/earnings multiple of 15.

Mr David Cohen, head of the broker's corporate finance department, said yesterday that the ratio could have been over 20 had the flotation taken place two months ago. "The price is a particularly realistic reflection of the current state of the electronics market," he said.

Simon and Coates is placing 1.4m shares at 170p each to raise a total of £2m after expenses. The directors are selling 500,000 shares and the remainder will provide £1.2m of new money for the company. At the placing price Pacer is capitalised at about £7.5m.

Mr John Rennie, chairman, president and chief executive, founded Pacer in connection with Mr James Walsh and Mr Robert Diozzi, who together still own 57 per cent of the shares.

The company started in 1968 by providing services to computer systems used for air, land and sea military equipment. This remains the main arm of the company's business accounting for about 85 per cent of turnover in 1985.

Since 1973 Pacer has been developing its own products under licence. These include a computerised system that sends out rapid details of any damage to the ship, and an airspeed measure system.

Development of these products has had a heavy impact on profits in the last ten years. While profits from systems services have continued to grow, albeit at a slower rate than the average 20 per cent annual increase in turnover, heavy losses on the sales of products, have kept total profits well below £100,000 in each of the three years to 1982.

The magnitude of this loss has been reduced from £485,000 in 1981 to £42,000 in 1984, and so far this year the division has broken even for the first time.

After a total profit of £573,000 in 1984, the company is forecasting a figure for 1985 of not less that £1.05m.

At the placing price the shares are on a price earnings multiple of 15.3 after a tax charge of 48 per cent. On a forecast dividend of 3p gross the yield is 1.75 per cent. Dealings start on July 1.

Launch costs peg KLP growth

START-UP COSTS and initial trading losses from three subsidiaries have resulted in pre-tax profits for KLP Group to be only marginally ahead at £354,000 for the first half, against £347,000 previously.

Turnover for the six months to March 31 1985 increased by 30 per cent from £4.55m to £5.91m.

The directors of the group, the UK's largest independent sales promotion consultancy, are lifting the interim dividend to 1.2p (1p). Last year, a total of 2.5p was paid on taxable profits of £841,000.

For this half stated net earnings per 5p share are shown down by 0.1p at 4p.

The set-up costs and trading losses by the three new sales promotion companies, KLP International, KLP Scotland and the marketing team, amounted to £129,000 and, allowing for this, the directors say that the progress made by the group since its flotation on the USM in June 1983 has been continued.

All three companies are now contributing to profits and the directors, who do not foresee comparable start-up costs in the second half, expect further progress.

A former client, Associated Dairies, is claiming substantial but as yet unspecified damages against one of KLP's subsidiaries. The directors intend to resist this claim and have accordingly made no provision for any loss in the results this time. Despite this dispute, the group's business continues to grow and attract new clients.

As forecast on March 5, 1985, the group has now signed, subject to shareholders' approval, an agreement to purchase an initial 40 per cent holding in Bridge, a leading independent sales promotion company based in the Netherlands. It has an option to purchase a further 40 per cent.

Similar acquisitions are anticipated in other key western markets since it is the group's aim to build a worldwide network of sales promotion companies owned and managed by KLP.

● comment

KLP is adamant that it is innocent of the allegations being made by Asda, and that the claim, therefore, does not affect it. However, in the absence of any concrete information, it is no surprise that shareholders were worried enough to wipe £3.2m off KLP's market value as the announcement was made yesterday morning. Asda aside, all seems to be going according to KLP's growth-hungry plan which is to reach an internationally in step with the move by its clients towards the global promotion of their products. It is the first company to establish a network of international agencies acting together, and within the next five years it plans to own at least seven of its network partners itself. The acquisition of Bridge should be seen as the first move in this direction. With its bevy of new clients, and with three new subsidiaries operating profitably, KLP might well make 1.1m this year, which would put the shares, down 10p to 290p, on a p/e of 22. Provided the Asda scare turns out to be unfounded, that is probably on the cheap side.

Newman-Tonks profits up to £1.36m

Newman Tonks, a Birmingham-based builders' supplies company, yesterday published its formal offer of 20 shares plus 50p for each 10 shares of R. Cartwright (Holdings). The offer values Cartwright at £12.14m or 181p a share.

Cartwright, also primarily a supplier of components to the building industry, has already rejected the offer as inadequate. A £10m bid for Cartwright made by Henderson Group lapsed last week after the higher Newman offer.

Newman Tonks has announced interim pre-tax profits ahead at £1.36m (£1.09m) on turnover of £30.6m (£27.8m). An unchanged interim dividend of 1.65p is being paid, and for the year the company has undertaken to pay a total of 5.6p—also unchanged—the final portion of which would be payable to acceptors of the offer for Cartwright.

For 1984, Cartwright had pre-tax profits of £1.46m (£1.62m) on turnover of £13.6m (£12.9m). During the defence against the Henderson bid, Mr Bob Tiere, Cartwright's chairman, made it clear that the board were seeking for the company to remain independent.

Mr Michael Wright, the Newman Tonks chairman, has written to Cartwright shareholders saying that the enlarged company would have excellent prospects and significant improvements in profitability would arise. Net assets of the enlarged group would be £28.4m, of which Cartwright would contribute £6.9m on a pro-forma basis.

The first closing date for the offer is July 12.

Stead & Simpson at record £5.2m

Stead & Simpson, the footwear retailer and motor trader, earned a record taxable profit of £5.23m, against £4.04m, in the year to end-March 1985.

Most of the improvement stemmed from the company's mainstay business, footwear retailing, which increased its contribution from £3.68m to £4.65m.

The company benefited from the severe weather in the New Year which enabled the clearing of winter footwear stocks following a depressed pre-Christmas sales period.

While the motor trading side earned more at £681,000, against £600,000, the dealerships are still experiencing fierce competition, say the directors.

However, they say that improvements have been recorded by both the Audi/Volkswagen and Peugeot/Talbot franchises this year and Mercedes Benz continues to make a valuable contribution to profits.

Overall group turnover advanced from £53.52m to £58.85m. Footwear accounted for £37.26m (£33.23m) and motors £20.91m (£19.86m).

Earnings per share were up at 10.03p (7.70p) and the final dividend is being raised to 4.6p which lifts the total payout to 6.6p, against 5.5p which included a 0.55p anniversary bonus. A one-for-one scrip issue is proposed.

Chloride

The Chloride Shareholders' Action Group, a pressure group headed by Dr Maurice Gillibrand, is seeking the formation of a shareholders' association involving institutional investors in the batteries concern.

The dissident group, which has sought policy changes and restoration of dividend payments, will seek Chloride's support at a meeting next week for an association which would be involved at board level in the development of a corporate plan.

Mr David Hankinson, finance director, said he would meet Dr Gillibrand as part of a series of meetings, but that the company had formed no position on the new proposal.

Christian Salvesen

The offer for sale of 57.1m shares in Christian Salvesen closed yesterday morning oversubscribed. The basis of allocation will be announced as early as practicable.

W'hampton Steam to buy school travel operator

BY ANDREW ARENDS

Wolverhampton Steam Laundry is to acquire a 75 per cent stake in H & C Travelaway, a private school travel operator, for a maximum consideration of £1.38m in cash and shares.

Wolverhampton, which also announced its preliminary results yesterday, will fund the purchase by issuing 1.95m new ordinary shares at 33½p per share, of which 1.2m are being placed with institutions, and £800,000 in 7 per cent loan stock.

Following an initial £1m payment in cash and shares, the directors of H & C Travelaway will receive up to £375,000 at a rate of £1.50 for each £1 in pre-tax profits exceeding £250,000 for the year ending August 31 1986.

In the year ended March 30, Wolverhampton reported losses of £50,000 on turnover of £784,000. This compares with a loss of £59,000 on turnover of £813,000 in the previous year. Directors said yesterday that the operating problems connected with the computer system had been resolved, and that the company expected to be in the black next year.

H & C Travelaway reported pre-tax profits of £85,000 on turnover of £4.34m in the year ended August 31 1984. The company's figures reveal, however, that £9,000, compared with a net interest-receivable for the year, of more than £100,000.

The group is changing its name to Wolverhampton Steam Laundry Holdings.

The deal is subject to the approval of the shareholders. If approved the company plans to change its name to Wolverhampton Steam Laundry Holdings.

Last night Wolverhampton shares closed 2p down at 48p.

UK oil companies' sale approach

BY DOMINIC LAWSON IN DENVER, COLORADO

GREAT WESTERN Resources, the U.S. oil and gas exploration company, which is quoted on the London Stock Exchange, claimed yesterday that it had been approached by a number of UK oil companies wishing to sell all or some of their assets.

Mr Daniel Pena, the chairman, said in Denver that both Cluff Oil and Floyd Oil, two UK independent oil companies had approached him with a view to being taken over.

Mr Pena also claimed that he had talks with Heron, one of the UK's largest privately owned companies about a possible takeover of its U.S. oil and gas interests.

However, in every case it appears that Great Western was not prepared to pay the asking price, which for Heron's interests was believed to be about $30m (£23m).

Great Western, however, could be about to pay $6m for the U.S. oil and gas subsidiary of an unnamed UK group. The transaction will probably be paid for by an issue of Great Western shares.

When Great Western came to the UK stock market last August a key reason was to use paper for funding takeovers. This appears to have attracted the attention of UK companies no longer wishing to retain their interests in the depressed U.S. oil scene.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Associated Heat		7.7	Aug 28	6.7	11	10
Baker Perkins		4.15	Aug 12	3.5	6.75	5.9
Brunner Inv Tst	int	1	July 31	0.9	—‖	2
Charter Trust	int	0.79	July 31	0.75	—	2.13
Clyde Blowers	int	0.83	Aug 2	0.83	—	6.83
Dares Estates	nil	—	—	0.85	0.5	1.35
Feedback‡		1.5	Aug 20	1.5	2.75	2.75
Grainger Trust	int	1.5	July 26	1.25	—	5.25
KLP Group‡	int	1.2	—	1	—	2.5
Lynton Holdings		3.63†	Aug 8	3.3	6.05	5.5
Newman-Tonks	int	1.65	Aug 15	1.65	—	5.4
Stead & Simpson		4.6	Aug 8	4¶	6.6	5.5¶
Turnbull Scott		6	July 25	5	9	8

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Included 0.5p anniversary bonus. ‖ Final if at least 1.2p forecast.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Fri June 21 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Thur June 20 Index No.	Wed June 19 Index No.	Tues June 18 Index No.	Year ago (approx.) Index No.	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (207)	511.51	-1.6	10.92	4.43	11.47	7.45	520.08	523.53	522.51	476.75	577.15	22/1	511.51	21/6	577.15	22/1/85	50.71	13/12/74
2	Building Materials (23)	510.28	-1.2	12.82	5.12	9.58	7.06	516.29	518.63	517.35	438.32	546.84	21/5	472.11	26/2	546.84	21/5/85	44.27	11/12/74
3	Contracting, Construction (29)	753.17	-0.5	13.31	5.47	9.70	16.49	756.62	760.42	753.79	659.94	784.35	4/6	684.17	8/3	831.09	15/3/83	71.48	2/12/74
4	Electricals (14)	1389.58	-1.6	11.31	5.23	11.17	28.54	1412.11	1414.11	1426.05	1529.79	1701.64	22/1	1389.58	21/6	1909.98	3/6/83	84.71	25/6/62
5	Electronics (37)	1403.33	-2.2	10.62	3.65	12.28	14.18	1434.38	1436.57	1418.03	1680.18	1977.40	9/1	1403.33	21/6	2049.85	13/11/84	1403.33	21/6/85
6	Mechanical Engineering (63)	291.25	-1.5	10.91	4.79	11.16	5.00	295.54	299.82	301.17	241.20	316.14	13/5	275.18	3/1	316.14	13/5/85	45.43	5/1/75
8	Metals and Metal Forming (7)	188.04	-2.3	13.21	8.09	9.48	3.71	192.43	193.93	196.43	174.88	202.50	5/6	165.08	14/1	209.74	13/3/84	49.65	6/1/75
9	Motors (17)	161.35	-1.8	13.40	5.23	9.26	3.15	164.26	165.24	167.69	120.60	175.89	15/3	142.57	3/1	175.89	15/3/85	19.91	6/1/75
10	Other Industrial Materials (17)	923.32	-1.7	7.63	3.51	15.74	12.77	939.34	950.12	953.92	622.50	1023.91	6/6	828.60	3/1	1023.91	6/6/85	277.55	15/1/81
21	CONSUMER GROUP (178)	650.79	-0.9	9.94	3.95	12.41	9.95	656.93	662.56	660.85	489.61	683.36	5/6	604.96	3/1	683.36	5/6/85	61.41	13/12/74
22	Brewers and Distillers (23)	607.04	—	11.36	4.59	10.94	8.38	606.87	611.15	616.57	514.54	617.38	4/6	550.86	3/1	617.38	4/6/85	69.47	13/12/74
25	Food Manufacturing (20)	496.51	-0.3	12.31	4.91	10.28	10.27	498.22	503.27	500.05	370.28	513.86	12/3	473.30	3/1	513.86	12/3/85	59.67	11/12/74
26	Food Retailing (14)	1532.49	-0.6	5.72	2.61	23.16	12.87	1541.31	1570.28	1563.85	1128.68	1662.70	5/6	1400.36	1/3	1662.70	5/6/85	54.25	11/12/74
27	Health and Household Products (9)	1033.55	-1.7	6.38	2.86	18.44	10.09	1051.47	1057.37	1063.66	779.07	1124.51	5/6	980.65	11/4	1124.51	5/6/85	175.38	28/5/80
29	Leisure (23)	661.53	-0.8	8.96	4.91	14.60	13.38	667.09	667.00	663.92	591.42	719.49	22/1	652.35	9/4	719.49	22/1/85	54.83	9/1/75
32	Newspapers, Publishing (12)	1764.64	-0.7	7.54	4.35	17.13	35.22	1776.83	1793.75	1789.69	1325.26	1825.11	5/6	1445.15	3/1	1825.11	5/6/85	55.08	6/1/75
33	Packaging and Paper (14)	326.29	-1.7	11.62	4.32	9.76	5.93	331.96	333.56	336.98	228.38	344.58	12/6	286.34	3/1	344.58	12/6/85	43.46	6/1/75
34	Stores (41)	627.24	-1.1	7.96	3.39	17.02	8.96	634.17	641.52	633.76	428.52	660.85	5/6	529.47	19/2	660.85	5/6/85	52.63	6/1/75
35	Textiles (19)	334.99	-0.5	17.15	4.76	6.71	6.38	336.55	341.40	341.33	256.89	341.97	11/3	293.07	3/1	341.97	11/3/85	62.66	11/12/74
36	Tobaccos (3)	829.23	-2.0	17.89	5.18	6.27	17.44	845.91	845.58	838.96	600.14	1018.69	8/2	820.05	31/5	1018.69	8/2/85	94.34	13/6/62
41	OTHER GROUPS (98)	663.84	-1.2	9.57	4.19	13.32	6.70	671.60	675.00	683.04	432.22	722.57	15/5	605.99	3/1	722.57	15/5/85	58.63	6/1/75
42	Chemicals (17)	730.76	-1.2	14.23	5.08	8.68	15.37	739.57	743.96	744.62	570.20	832.26	22/2	710.88	3/1	832.26	22/2/85	71.20	1/12/74
44	Office Equipment (4)	177.11	-1.4	7.44	4.75	16.68	3.58	179.61	181.09	178.89	121.86	190.38	11/3	154.76	3/1	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (12)	1099.21	-0.8	8.31	4.78	15.82	25.43	1108.19	1119.87	1125.26	840.26	1201.81	23/5	958.08	3/1	1201.81	23/5/85	90.80	29/6/62
46	Miscellaneous (63)	825.01	-1.5	7.53	3.78	16.22	9.94	837.70	841.72	844.86	602.56	899.77	3/6	798.35	3/1	899.77	3/6/85	60.39	6/7/75
48	Telephone Networks (2)	820.17	-0.9	8.97	5.92	14.91	0.70	827.79	830.99	852.23	0.0	932.01	15/5	701.92	3/1	932.01	15/5/85	517.92	30/11/84
49	INDUSTRIAL GROUP (483)	624.91	-1.2	10.08	4.13	12.39	8.56	632.30	636.83	637.77	481.95	666.95	4/6	599.75	3/1	666.95	4/6/85	59.01	13/12/74
51	Oils (17)	1120.64	-0.5	16.66	7.43	7.38	37.73	1126.32	1128.03	1131.95	1040.53	1239.75	15/2	1042.21	3/1	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	666.54	-1.1	10.95	4.57	11.37	10.89	673.83	678.15	679.30	520.79	707.87	5/6	636.98	3/1	707.87	5/6/85	63.49	13/12/74
61	FINANCIAL GROUP (115)	469.36	-0.9	—	5.33	—	9.56	473.56	473.65	469.91	358.99	478.74	15/5	430.10	4/1	478.74	13/5/85	55.88	13/12/74
62	Banks (6)	471.28	—	16.43	7.34	8.69	11.71	471.16	472.61	465.10	341.66	483.39	13/5	420.58	15/4	483.39	13/5/85	62.44	12/12/74
65	Insurance (Life) (9)	752.80	-2.1	—	4.31	—	14.71	768.82	757.32	748.20	450.39	770.78	11/6	580.95	4/1	770.78	11/6/85	44.88	2/1/75
66	Insurance (Composite) (7)	364.35	-1.3	—	5.36	—	8.53	369.17	369.41	365.52	271.69	369.61	19/6	303.16	25/2	369.61	19/6/85	43.96	13/12/74
67	Insurance (Brokers) (7)	1098.75	-1.5	8.59	3.75	15.56	28.10	1114.97	1118.58	1122.59	730.82	1248.70	15/3	1011.88	4/1	1248.70	15/3/85	65.86	16/12/74
68	Merchant Banks (11)	225.11	-0.5	—	4.55	—	2.95	226.26	226.84	226.54	198.82	248.76	16/1	220.65	3/1	278.57	1/5/72	31.21	7/1/75
69	Property (50)	606.21	-0.9	6.12	3.83	21.96	8.04	611.68	615.41	616.91	560.81	653.36	13/5	606.21	21/6	653.36	13/5/85	56.01	20/4/65
70	Other Financial (25)	271.19	-0.2	9.13	5.91	13.39	6.67	271.85	272.62	271.56	234.48	296.92	6/2	268.20	3/1	303.18	18/5/72	33.29	17/12/74
71	Investment Trusts (106)	574.24	-0.3	—	3.59	—	8.52	575.79	578.85	581.00	466.13	635.62	7/3	564.72	3/1	635.62	7/3/85	71.12	13/12/74
81	Mining Finance (4)	273.46	-0.4	11.68	5.78	10.02	5.29	274.50	280.67	280.06	281.75	311.08	15/4	269.78	7/1	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	640.38	-0.6	11.02	6.64	11.35	20.25	644.07	646.38	647.48	528.80	687.15	22/1	618.22	3/1	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (739)	611.44	-1.0	—	4.68	—	10.44	617.59	621.05	621.21	485.27	644.21	5/6	581.88	3/1	644.21	5/6/85	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	June 20	June 19	June 18	June 17	June 14	Year ago	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX	1262.0	-14.3	1274.3	1261.6	1276.3	1284.1	1284.0	1284.4	1275.5	1033.1	1342.4	15/5	1206.1	3/1	1342.4	15/5/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri June 21	Day's change %	Thur June 20	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	117.88	-0.01	117.89	—	5.40
2	5-15 years	129.22	+0.04	129.17	—	7.34
3	Over 15 years	135.02	-0.01	135.04	—	6.70
4	Irredeemables	147.23	+0.34	146.73	—	6.30
5	All stocks	127.88	+0.02	127.86	—	6.61
6	Debentures & Loans	109.24	-0.28	109.54	—	5.97
7	Preference	79.83	+0.47	79.46	—	3.30
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	110.07	+0.12	109.93	—	1.34

	AVERAGE GROSS REDEMPTION YIELDS		Fri June 21	Thur June 20	Year ago (approx.)	1985 Highs		1985 Lows	
	British Government								
1	Low Coupons	5 years	10.33	10.31	11.18	11.56	28/1	10.27	19/6
2		15 years	10.59	10.58	11.13	11.20	28/1	10.47	9/1
3		25 years	10.24	10.23	10.52	10.72	29/1	10.03	2/1
4	Medium Coupons	5 years	11.34	11.31	12.08	12.39	28/1	11.14	9/1
5		15 years	10.85	10.84	11.54	11.63	28/1	10.79	18/4
6		25 years	10.38	10.38	10.92	10.97	29/1	10.29	15/4
7	High Coupons	5 years	11.38	11.37	12.11	12.53	28/1	11.30	9/1
8		15 years	11.00	10.99	11.73	11.76	28/1	10.94	18/4
9		25 years	10.56	10.56	10.91	11.03	29/1	10.36	9/1
10	Irredeemables †		10.02	10.04	10.37	10.49	28/1	9.98	31/12
11	Debs & Loans	5 years	11.92	11.87	12.47	12.68	29/1	11.73	2/1
12		15 years	11.71	11.67	12.30	12.37	29/1	11.65	19/6
13		25 years	11.51	11.47	12.18	12.37	29/1	11.47	19/4
14	Preference †		12.35	12.38	12.91	13.14	29/1	12.35	21/6
15	Inflation rate	5%	3.66	3.66	3.68	3.66	20/6	3.11	11/3
16		10%	3.46	3.46	3.49	3.46	20/6	2.94	11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

Constituent Changes: Abbey Life Group (65) and Sturge Holding (70) have been inserted with no deletions. Name Change: Standard Telephone & Cables has changed its name to S.T.C.

INTERNATIONAL COMPANIES and FINANCE

VW to boost workforce as recovery continues

BY JONATHAN CARR IN FRANKFURT

VOLKSWAGEN, West Germany's biggest motor vehicle maker, plans to take on almost 4,000 more workers at its domestic plants this year, in addition to the 3,000 extra already employed in the first five months.

The decision reflects the continued recovery at VW, which surged back to profit last year after severe losses, despite uncertainties on the home market. The group's workforce totalled 238,000 worldwide at the end of 1984 with 161,000 employed in Germany.

Herr Horst Muenzer, deputy chief executive, said VW had delivered a total of 893,000 VW and Audi vehicles worldwide in the first five months—a rise of just 1.1 per cent against the same period of 1984.

Deliveries inside West Germany were down by some 10 per cent, but VW was none the less able to increase its market share to 28.7 per cent from 27.9 per cent before.

The domestic market has been depressed, not least because of uncertainty over new car pollution controls. However, there are now signs that buyer confidence is recovering although this is not yet showing itself in full in the production figures.

Figures released this week show that West German vehicle production in May totalled 389,000 — no less than 18 per cent higher than the result for the same month last year.

However, that month-on-month comparison is not wholly representative because production a year ago was badly hit by the strikes in the metal-working industry.

A fairer picture emerges from the figures for the first five months together, which show production at 1.99m vehicles — 7 per cent higher than in the same period of 1984. Exports in January-May were up by no less than 18 per cent.

The whole German vehicle industry is now employing about 22,000 more people than it did a year ago and short-time work has virtually vanished. Vehicle company shares are among the best performers, with VW yesterday up DM 2 to DM 328.

Falck plans lay-offs as losses mount

By Alan Friedman in Milan

FALCK, ITALY'S largest private steel company, intends to lay off 2,141 workers, representing one-third of its workforce. The loss-making steel company is burdened by debt of L600bn ($303m), a third of which matures in less than 12 months.

Last year Falck lost L100bn on its steel business, although it showed only a L2bn loss in its accounts after taking into consideration investment income. The company's 1984 turnover was L781bn.

In the first five months of this year the Falck steelworks, which are located at seven different plants, made total losses of L40bn. The company is expected to incur a 1985 loss on steel operations of around L90bn.

The redundancy plan, at present being discussed with trade union leaders, calls for 1,300 lay-offs by the end of September.

A significant number of these lay-offs could occur at the company's Sesto San Giovanni works, outside Milan.

Bermuda group to be wound-up

BY ROGER SCOTTON IN BERMUDA

THE BERMUDA Government has begun a compulsory winding-up action against Mentor Insurance, the troubled reinsurance arm of New Orleans-based Ocean Drilling and Exploration.

Mentor, one of the largest of Bermuda's 1,200 offshore insurance companies, has been running down its business since January this year after a decade of building up property, casualty and marine portfolios.

It recently announced a 1984 underwriting loss of $56.6m and unveiled plans to move its Bermuda-based operation to Ocean Drilling's headquarters, saying it would continue to pay claims and that investment income would offset its deficit. But Bermuda's government now believes Mentor is insolvent.

Mrs Verbena Daniels, official receiver and registrar of companies, has requested the immediate appointment of liquidators to protect Mentor's assets, which were worth $204.4m at the end of last year.

Interim provisional liquidators were appointed on June 17 after a two-day preliminary hearing in chambers.

Ocean Drilling initially argued that Mentor should be allowed to continue its business rundown and said it would oppose the winding-up.

But the company dropped this argument and said it will not contest the government's winding-up petition, which was to be heard in the colony's Supreme Court yesterday, the day Mentor had planned to airlift its computer and business files to New Orleans.

A lawyer for Mentor said on Thursday that Ocean Drilling changed its mind after completing an actuarial review of Mentor's results to the end of March this year.

Court seizes assets of Toyota Shoji

By Yoko Shibata in Tokyo

THE Osaka District Court yesterday provisionally seized the assets of Toyota Shoji, the gold dealing firm plunged into confusion last Tuesday when Mr Kazuo Nagano, its 32-year-old chairman, was stabbed to death at his apartment in the presence of several dozen reporters and TV cameramen.

As a result of the court move the company, already under police investigation, is likely to be pushed into de facto bankruptcy. Its collapse would rank among the largest seen in Japan since the end of the Second World War.

Toyota Shoji is alleged by police to have collected fraudulently some Y200bn ($800m) through the sale of gold bars and other commodities including golf and country club memberships. It attracted at least 20,000 customers, many of them elderly people living alone, through heavily criticised high-pressure sales techniques.

The Osaka court order was issued on the application of a group of small investors. Following the seizure of its assets, which include a head office in Osaka and a network of branches, Toyota Shoji will be unable either to draw on its bank balances or to obtain credit.

Creditors of the company estimate its total liabilities at Y109.4bn, though independent credit analysts believe the liabilities of the entire Toyota Shoji group could amount to over Y250bn.

The company has no connection with Toyota Motor.

Konishiroku Photo

A transposition of lines on page 9 of the FT of June 15 might have led some readers briefly to confuse Konishiroku Photo with Kronebanken, whose name should have appeared in the first line of a report headlined "Kronebanken in merger deal with Provinsbanken."

Norwegian engineers show mixed results

By Fay Gjester in Oslo

NORWAY'S two leading groups in the heavy engineering and offshore fabricating sector, Kvaerner and Aker, reported an increase in the value of orders on their books at end-April this year compared with a year earlier.

But profit performance in the first four months of the year was disappointing for Kvaerner, with a pre-tax result, before extraordinary items, of only NKr86m ($9m), compared with NKr102m in the same period last year, despite a rise in turnover to NKr1.5bn from NKr1.31bn.

Orders in hand at end-April were worth NKr3.62bn, after an order inflow during the four months of NKr1.84bn, against NKr3.31bn and NKr1.24bn respectively.

The Aker group reports sales of NKr1.18bn in the period, up from NKr890m, while profits before extraordinary items more than doubled, to NKr68.8m, from NKr31.14m. Operating profits were only slightly higher—NKr63.5m, compared with NKr57.1m.

Business Times shuts after funding bid fails

BY PAUL TAYLOR IN NEW YORK

BUSINESS TIMES, the U.S. cable television business show, went off the air yesterday after it failed to raise the additional capital to maintain programming.

The award-winning programme, aired between 6 am and 9 am on ESPN, a cable sports channel, ceased operations after a deal to raise additional funds fell through earlier this month.

Mr James Crimmins, Business Times' founder and chief executive, told viewers yesterday morning that the private company which runs the show had been seeking to raise additional funding for several months but had run out of time.

Although Business Times viewer ratings have risen steadily — and the show has received critical acclaim from viewers and the cable industry — its advertising revenues, thought to total about $700,000 a month, failed to cover its monthly budget of $850,000, Mr Crimmins said.

Business Times said its sister radio programmes and weekend show would also be shut down today. However the company added that despite its "grave financial difficulties," it was still hopeful that new capital can be found to restart programming.

New date for Gulf Canada deal

CHEVRON of the U.S. has agreed to extend to July 15 from June 20 the withdrawal period for the acquisition by Olympia and York, the Canadian property group, of Chevron's interest in Gulf Canada, Reuter reports from Toronto.

Chevron said it also agreed to Olympia and York's request to extend to August 15 from July 16 the closing date of the acquisition. On Thursday, Olympia said certain requirements relating to the transaction remained to be fulfilled.

State bail-out plan for Korean banks

BY STEVEN B. BUTLER IN SEOUL

THE BANK of Korea, the country's central bank, has announced a bail-out programme of concessional loans for Korea's commercial banks which is expected to amount to hundreds of millions of dollars by the end of the year.

The programme, to take effect next month, underscores how precarious the banks' balance sheets have become after a massive increase in non-performing assets. Although the Government will not release figures, the commercial banks are believed to have accumulated at least several billion dollars of bad debts, to a great extent the result of government-directed loans programme.

The problem was aggravated last year when the Government directed banks to extend hundreds of millions of dollars in emergency loans to overseas construction companies, whose business was badly hurt by a slump in orders from the Middle East and by delays in payments.

The bail-out programme represents a serious setback to the government's policy of financial liberalisation, which calls for the gradual introduction of market mechanisms into the Korean banking system.

The loans will be issued at 3 per cent, compared with the usual 5 per cent rates at the central bank's rediscount window. They are repayable in one year, but are extendable and it is unclear how long the programme will remain in effect.

A similar emergency programme introduced in 1972 remained in place for a decade.

The Government says the loans will have no effect on money supply growth projects.

Aluminium smelter project in W. Australia shelved

BY KEITH WHEATLEY IN PERTH

ONLY TWO weeks after Reynolds, the U.S. metals groups, decided to take a 25 per cent stake in the proposed A$750m (US$500m) aluminium smelter in Western Australia, the state government has shelved the project.

Ministers decided yesterday not to make subsidised electricity generated by gas from the North-West Shelf available to the smelter, which was to have been sited 200 miles south of Perth. Reynolds, said the government, had demanded power too far below cost price.

Announcing the decision, Mr Brian Burke, the state premier, described the subsidy as a potential millstone around the neck of Western Australia. It could not be afforded at present, although he did not rule out the scheme being reconsidered.

The smelter would have generated 1,500 jobs during the construction phase and 800 jobs when it came into operation.

It was the state government, and in particular Energy Minister David Parker, who sought Reynolds out as the partner which could rescue the project after the collapse of the Korean Kukje consortium earlier this year. It was to have held 45 per cent.

However, there had been strident environmental opposition to the siting of the plant in a forested area of considerable natural beauty. Business opposition also existed, focusing on the concession of subsidised electricity which would not have been available to other industrial customers.

Schneider und Muenzing bank goes into bankruptcy

BY OUR FRANKFURT STAFF

BANKHAUS Schneider und Muenzing, the Munich-based private bank, is going into bankruptcy after having its operations suspended a month ago by the Federal Banking Supervisory Office in Berlin.

The Office said yesterday it could not accept the bank's request for a court-supervised debt settlement (a so-called *Vergleich*) and had instead filed for the opening of bankruptcy proceedings. It gave no details.

Schneider und Muenzing was forbidden in May by the office from selling assets and making payments after it was discovered that major credit risks had not been provided for in the annual accounts.

It is understood that the risks amounted to more than half the bank's capital of DM 30m ($9.8m), which is held by Wainford Ltd of London. Wainford is a financial holding in which the wealthy Chiu family of Hong Kong is understood to have an interest.

The bank, which is known earlier to have had problem credits in the building and shipping sectors, had a business volume at the end of March of DM 437m and customer deposits of DM 316m.

It is understood that customers are not in danger of losing their money.

Linde to raise DM 180m

BY OUR FINANCIAL STAFF

LINDE, the West German heavy engineering and industrial gases concern, is to raise DM 180m ($60m) via a one-for-five rights issue.

The new shares will be offered to stockholders at an issuing price of DM 250 per nominal DM 50 shares, raising the company's equity capital by DM 36m to DM 216m. The shares will be entitled to a half dividend for 1985.

The offer price compares with a closing price on Thursday of DM 512 on the Frankfurt stock exchange. Deutsche Bank will lead manage the issue.

Linde said the move was necessary to keep its capital base in line with its growing business volume. The Wiesbaden-based company boosted group profits by 28.4 per cent last year to DM 63.3m, while sales rose 7.1 per cent to DM 3.6bn.

LONDON TRADED OPTIONS

Option		Calls Jly.	Calls Oct.	Calls Jan.	Puts Jly.	Puts Oct.	Puts Jan.
B.P. (*523)	460	70	88	—	3	10	—
	500	33	62	27	7	00	25
	530	10	23	58	33	43	50
	600	1½	12	20	86	88	80
Cons. Gold (*329)	460	74	87	—	3	5	—
	500	37	53	63	6	16	22
	550	14	38	42	33	44	58
	600	4	12	17	77	80	83
Courtaulds (*141)	130	13	20	25	8	4	3
	140	7	14	18	4	8	0
	160	1½	3½	9	20	31	21
Com. Union (*217)	180	41	44	—	1½	4	—
	200	25	31	38	5	7	11
	220	11	21	27	8	15	18
	240	5	12	17	26	28	30
G.E.C. (*168)	160	16	24	30	3	8	8
	180	6	15	18	16	18	20
	200	2	5	10	34	34	54
	220	1	3	·	54	54	—
Grand Met. (*285)	280	18	28	35	6	8	13
	300	9	18	25	20	23	30
	330	3	6	11	50	53	32
I.C.I. (*754)	700	58	67	85	7	16	82
	750	20	40	55	25	40	50
	800	6	20	27	70	77	87
	850	3	11	—	120	124	—
Land Sec. (*268)	260	15	26	31	4	7	10
	280	6	16	21	14	16	18
	300	2	8	12	54	35	36
	320	0½	3	5	64	64	54
Marks & Sp. (*135)	110	26	—	—	1	—	—
	120	16	22	—	1	3	7
	130	8	15	18	3	8	—
	140	3	9	12	10	14	17
	160	1	3	5	28	30	30
Shell Trans. (*683)	600	90	—	—	6	—	—
	650	45	58	70	7	13	20
	700	15	28	40	27	37	48
	750	4	17	25	72	77	80
	800	1½	4	—	122	127	—
Trafalgar Hse (*345)	325	28	38	—	3	7	—
	330	[illegible]	[illegible]	38	[illegible]	[illegible]	14
	360	8	19	—	16	21	—
	390	—	—	19	—	—	20
	420	—	5	—	45	44	—
	500	—	—	7	—	—	47

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
BAT Inds. (*311)	280	40	—	—	4	11	17
	300	18	35	42	8	11	40
	330	1½	22	25	27	52	—
	360	4	9	—	53	55	—
	390	1	3	—	82	85	—
Barclays (*384)	355	101	—	—	2	—	—
	355	67	67	—	5	a	12
	360	—	—	57	18	25	30
	385	20	37	37	—	—	—
	390	—	—	—	60	62	—
	425	4	10	—	—	—	—
Brit. Aero (*345)	300	14	25	35	22	27	32
	330	5	12	20	48	50	52
	420	2	5	9	77	77	78
	460	1	—	—	117	117	—
Br. Telecom (*176)	130	47	—	—	1	3	—
	140	19	29	—	1	6	—
	150	13	20	—	4	13	15
	160	8	15	22	10	28	31
	200	4	8	15	28	48	49
	220	1	4	8	48	—	—
Imperial Gp. (*187)	160	31	—	—	2	10	13
	180	10	18	24	13	21	24
	200	1	12	16	36	36	—
	220	5	4	—	—	—	—

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
LASMO (*348)	340	27	37	47	7	18	14
	360	17	23	33	18	88	05
	390	8	15	22	38	40	42
	420	6	12	—	46	48	—
	300	—	—	15	—	—	50
Lonrho (*168)	140	54	—	—	1½	—	—
	160	15	20	24	4	5	8½
	180	3	8	13	13	16	10
	200	1½	—	—	33	—	—
P. & O. (*338)	300	68	—	—	2	—	—
	330	42	30	80	3	7	9
	360	20	33	43	12	16	23
	390	9	17	23	35	33	37
	420	2	—	—	60	—	—
Racal (*190)	180	80	28	32	2	8	12
	200	8	15	20	16	20	24
	220	4	7	—	32	34	—
	240	1½	—	—	58	—	1
R.T.Z. (*568)	550	42	58	63	a	17	24
	600	00	33	38	36	48	55
	650	6	16	—	85	00	—
Vaal Reefs (*$81)	80	15½	16	18½	1⅛	4½	5½
	90	a	0¼	18½	6¾	a	10½
	100	3¾	6½	7¾	12½	15	16½
	110	1¼	8¼	—	e1	82	—
Ex 10% 1989 (*£96)	00	5¾	—	—	0⅛	—	—
	02	8¾	4¼	—	0¾	0⅛	—
	94	e¼	8⅝	3⅛	0⅛	0¾	0¾
	06	0¾	1½	8	0¾	1½	1¾
	08	0⅛	—	—	8⅞	—	—

Option		Calls June	Calls Sept.	Calls Dec.	Puts June	Puts Sept.	Puts Dec.
BTR (*343)	325	23	40	48	1	8	12
	350	4	25	36	10	83	28
	375	1½	15	25	58	40	45
	380	—	8	17	—	63	58
Beecham (*330)	330	6	80	30	7	10	15
	360	0	10	17	36	40	43
	380	1	3	0	65	66	67
Bass (*548)	500	46	70	88	8	a	8
	550	5	27	40	13	25	30
	600	2	18	18	62	62	64
De Beers (*$5.44)	450	00	115	130	2	18	24
	500	50	75	90	3	07	46
	550	6	34	65	22	55	70
GKN (*220)	180	41	42	—	1	2	—
	200	21	32	—	1	3	—
	220	5	17	26	7	11	13
	240	1	8	13	22	24	27
Hanson (*187)	182	7	20	—	3	6	—
	185	1½	13	20	12	12	18
	215	1	6	13	32	35	34
	235	0½	3	a	52	56	63
Jaguar (*073)	260	12	33	40	1½	8	12
	280	5	28	31	a	18	24
	300	1½	13½	80	25	30	32
	330	1	4	10	63	64	35
Tesco (*248)	232	15	28	37	e	6	8
	256	1½	15	23	10	15	18
	280	1	5	10	35	33	38
FT-SE Index (*1262)	1200	70	65	—	1	18	—
	1250	08	47	67	a	33	44
	1300	2	20	40	38	58	70
	1350	1	18	25	88	87	105

Option		Calls Sept.	Calls Dec.	Calls Mar.	Puts Sept.	Puts Dec.	Puts Mar.
£/$ (*128.01cts)	120	9.10	10.40	11.70	8.40	4.80	5.65
	125	6.00	7.80	9.00	4.00	7.10	8.90
	130	3.85	5.60	7.00	7.30	9.90	18.20
	135	2.10	3.85	5.10	10.75	13.10	15.30
$/DM (0.3257cts)	32	1.43	1.92	2.32	0.76	1.10	1.35
	33	0.90	1.40	1.84	1.86	1.60	1.82
	34	0.57	1.02	1.45	1.85	8.14	2.38

June 21 Total contracts 7,476 Calls 3,848. Puts 3,628

* Underlying security prices

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	27	24	—	—	—	—	$314.70
GOLD C	$320	70	10.80	—	—	—	—	
GOLD C	$340	18	4	—	—	—	—	
GOLD P	$320	11	10.50	—	—	10	18	
		June		Sept.		Dec.		
SILVER C	$600	22	8	[illegible]	[illegible]	—	—	$614
SILVER C	$650	32	1 A	—	—	—	—	
SILVER P	$650	3	40	—	—	—	—	
SILVER P	$700	10	08	—	—	—	—	
$/FL C	FL335	15	13.50 A	[illegible]	[illegible]	[illegible]	[illegible]	FL345.30
$/FL C	FL340	265	8	[illegible]	[illegible]	[illegible]	[illegible]	
$/FL C	FL345	318	8.50	[illegible]	[illegible]	[illegible]	[illegible]	
$/FL C	FL350	213	0.10	[illegible]	[illegible]	[illegible]	[illegible]	
$/FL C	FL355	83	0.05	[illegible]	[illegible]	[illegible]	[illegible]	
$/FL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
$/FL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
£/$ C	$120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
£/$ C	$125	40	2.40	—	—	—	—	
		Jul.		Oct.		Jan.		
ABN C	FL440	21	18.50	14	22.50	[illegible]	[illegible]	FL455.50
ABN P	FL460	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
AEGN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL87.30
AH C	FL220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL224
AKZO C	FL110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL106.10
AMRO C	FL80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL78
GIST C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL183.50
HOOG C	FL60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL57.80
KLM C	FL50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL58.40
NEDL C	FL150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL158.30
NATN C	FL65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL68.50
PETR C	Fr.5,500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fr.5580
PHIL C	FL50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL59
RD C	FL100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL134.80
ROBE C	FL77.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
UNIL C	FL340	[illegible]	[illegible]	[illegible]	[illegible]	1	16.60	FL344.50

TOTAL VOLUME IN CONTRACTS: 18,102

A=Ask B=Bid C=Call P=Put

N. AMERICAN QUARTERLIES

EX-CELL-O

Second quarter	1984-85 $	1983-84 $
Revenue	285.8m	301.0m
Net profits	14.2m	14.9m
Net per share	1.00	1.05
Six months		
Revenue	[illegible]	[illegible]
Net profits	22.5m	25.7m
Net per share	1.58	1.21

HUMANA

Third quarter	1984-85 $	1983-84 $
Revenue	750.8m	680m
Net profits	58.08m	51.99m
Net per share	0.58	0.53
Nine months		
Revenue	2.13bn	1.95bn
Net profits	163.92m	147.91m
Net per share	1.68	1.43

JOHN LABATT

Fourth quarter	1984-85 C$	1983-84 C$
Revenue	651m	616m
Net profits	[illegible]	70.000
Net per share	[illegible]	0.01
Year		
Revenue	2.8bn	2.45bn
Net profits	21.7m	66.7m
Net per share	2.35	1.99

JIM WALTER

Third quarter	1984-85 $	1983-84 $
Revenue	579.5m	591.8m
Net profits	31.2m	29.4m
Net per share	1.43	1.35
Nine months		
Revenue	1.65bn	1.63bn
Net profits	73.3m	63.23m
Net per share	3.36	2.90

APPOINTMENTS

Promotion at Britannia Building Society

BRITANNIA BUILDING SOCIETY has appointed Mr Michael Shaw as managing director. Chief general manager since 1982, he joined the society 11 years ago as chief accountant following the merger with the former Eastern Counties Building Society. He will assume board responsibilities from July 1.

*

Mr Stewart Till has been appointed managing director of CBS/FOX VIDEO UK. He was director of sales and marketing division.

*

Ms Cherrill Scheer has been appointed director of marketing services for the HILLE ERGONOM GROUP. She was marketing director of Hille International.

Dr John Delany has been elected president of the INSTITUTE OF COST AND MANAGEMENT ACCOUNTANTS. Mr P. J. Lawrence and Professor Michael Bromwich have been elected vice-presidents.

*

The Earl of Mansfield has been appointed a director of AMERICAN TRUST. Lord Mansfield is a former Minister of State at the Scottish Office. He is a director of the General Accident Fire & Life Assurance Corporation.

*

ABC INSURANCE SERVICES has appointed Mr Peter Kirwan-Taylor, Mr Colin Bird, Mr Richard Guward and Mr Stephen Rowe to its board. Following acquisition of a controlling interest in Lloyd's broking company, J. Besso & Co., Mr D. P. d'Ambrumenil and Mr P. H. Chisholm have joined its board.

*

Mr Andrew Smith has been appointed production director of RACAL - GUARDALL (SCOTLAND). This is the first new board appointment since Racal-Guardall was formed last month from Racal Security and Guardall, a member of the Chubb group. Mr Smith was manufacturing manager with the Burroughs Corp.

*

Mr J. Barry Hooper, president of THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS for the past year, has been re-elected to serve a second term. He is chairman and managing director of Armstrong Equipment. The three existing vice-presidents were also re-elected. They are Mr Sam Toy, chairman and managing director of Ford of Britain, Mr John Collyear, chairman of AE, and Mr Godfrey Messervy, chairman and chief executive of Lucas Industries. Mr George Turnbull, group managing director of Inchcape, remains deputy-president. Mr Miles Breeden, of Rockwell International Corporation, was re-elected honorary treasurer.

*

Mr Wally E. Morgan has been appointed chairman of PERKIN-ELMER. He succeeds former chairman Mr Robert H. Sorensen. Mr Morgan has been managing director since July, 1977, and continues in this post.

*

G. W. SPARROW AND SONS, Bath, has appointed Mr P. G. Taylor as financial controller and company secretary. He succeeds director and secretary Mr M. D. Flatley, who retires at the end of June.

*

Mr John Bennett, at present general manager, MIDLAND BANK, with responsibility for corporate finance division, has been appointed general manager, Northern and Wales region, from July 1 following the retirement of Mr Dennis Smith. The direction of the affairs of corporate finance division will be undertaken by Mr Michael Chapman, assistant general manager.

*

CONFEDERATION LIFE INSURANCE COMPANY has appointed Mr Richard Durrant as investment manager of fixed interest investments and Mr Paul Gaunt as investment manager of equity investments. They have also been appointed officers of the company. Mr Nigel Beidas has been appointed manager, UK equity investments.

*

KENTUCKY FRIED CHICKEN has appointed Mr Jeremy Collis as executive director finance and administration from finance director at Heublein Wines and Spirits for Europe, Middle East and Africa. Heublein is a subsidiary company to R. J. Reynolds, U.S. parent of Kentucky Fried Chicken (GB).

Mr Alistair MacQueen has been promoted to managing director of FINANCIAL TRAINING PUBLICATIONS in place of Mr John Gibbs who remains chairman. Miss Heather Saward is appointed editorial director and Mr Simon Codrington, finance director of Park Place Investments, is appointed an additional director. These changes are from July 1. Financial Training Publications is a wholly-owned subsidiary of Park Place Investments.

*

Mr Clark Paton has been appointed an executive director of WILLIAM COLLINS. He is group managing director of Collins' Glasgow operations. Mr Marmaduke Hussey becomes a non executive director. He is a director of Times Newspapers, MK Electric and Colonial Mutual Assurance.

*

Mr David T. Morgan has been appointed managing director of RoyTrust Financial Services and P. T. Newman & Co., insurance broking subsidiaries of THE ROYAL TRUST COMPANY OF CANADA. Mr Morgan was previously responsible for the insurance services division of the Commercial Bank of Wales. Mr Kenneth A. J. Francis has also been appointed a director of the subsidiaries.

*

Sir Richard Butler, president of the National Farmers' Union, has been elected leader of COPA, an organisation which represents the eight million farmers in the Common Market.

*

Mr Bruce Molland of Devonian International, has been appointed business development manager

at OFFSHORE MARINE ENGINEERING. Previously, he was managing director of Oceanics Submersibles and offshore products director with Seaforth Engineering.

*

LAPORTE INDUSTRIES (HOLDINGS) has made the following board appointments following the retirement of Mr Albert Bietlot and Mr Bernard White. Mr Jacques Solvay becomes a non-executive director. He is chairman of Solvay & Cie, a major European chemical company. Mr Roy Hanson and Mr Bryan Hall have been appointed executive directors. Mr Hanson was company secretary, and Mr Hall has held the positions of managing director of the then general chemicals division, managing director of Interox UK and general manager of personnel and commercial services. Mr Peter Burridge has been appointed company secretary. He has been with the company 15 years.

*

Mr Cary Hobbs has been appointed managing director of ASHTON-TATE (UK). He was Ashton-Tate's sales director for a ten state area of the U.S. based in Dallas, Texas. He succeeds Mr David Imberg.

*

Mr G. J. Kendall becomes a partner of ALLEN & OVERY on July 1.

*

Mr Derek Christian has been appointed group technical director of TINSLEY ROBOR. He is joint managing director of James Upton, Birmingham, one of the group's largest subsidiaries. Mr Nicholas Toms, will become the sole managing director at James Upton.

*

EDWARD MANSON & CO. has appointed Mr E. J. Hewitt as director of lending; Mr J. H. Irani as financial director; Mr P. A. Bendall becomes an associate director and manager of the lending department; Mr W. J. Campbell has been appointed senior manager, realisations department. Edward Manson & Co. is the licensed deposit-taking subsidiary of Manson Finance Trust.

.5], settlement 9830 (9650). Turnover 143 (47). East Coast. Maize: U.S. No. 3 Yellow/ [illegible] and for SMR 20 was — (175.01). | Jan 71.40 71.60 71.30 71.40 ounce.

WORLD STOCK MARKETS

NEW YORK

WALL STREET

Blue chips push index up 10.3

AFTER OPENING easier, Wall Street turned mixed yesterday, when Blue Chip issues pushed higher.

By 1 pm the Dow Jones Industrial Average was up 10.31 to 1310.04, for a net rise of 9.08 on the week, while the NYSE All Common index, at $108.97, gained 51 cents on the day and 41 cents on the week. Declines had a narrow lead over advances, while the trading volume expanded 12.38m shares to 78.31m, compared with 1 pm Thursday.

Traders said Thursday's report that the economy is growing at a 3.1 per cent annual rate in the second quarter left some investors uncertain about the course of the economy and interest rates.

Dudley Eppel of Donaldson Lufkin and Jenrette said the report Thursday that short interest hit a record 253m shares was contributing to the upward pressure on stocks.

John Havens of Kidder Peabody and Co said some investors may have decided that "what's bad for Bonds is good for stocks." Bond markets focused on the possibility of an improved economy leading to higher interest rates. Havens said Stock Market investors could be expecting better profits.

ATT led the actives, up $⅜ to $24⅜. General Foods, one of the 30 stocks in the Dow Index, jumped $8⅞ to $80 on speculation Philip Morris off $1⅞ at $85½, was interested in a merger.

IBM improved $⅞ to $119½. Digital Equipment advanced $3 to $90 and Texas Instruments were $1⅞ higher at $100½.

RCA gained $1 to $46½ — its subject of a published article that said the company could have a breakup value as high $80 per share.

Conwood were lifted $2⅜ to $34¼ — it agreed to be acquired by a unit of Dalfort Corp for $36 per share.

Digital Equipment moved up $2 to $89.

THE AMERICAN SE Market Value index rose 0.51 to 224.89 in a volume of 4.43m shares.

BAT Industries led the actives, off $1⁄16 to $4⅛.

Closing prices for North America were not available for this edition.

CANADA

Mixed in sluggish trading around mid-day, after recovering some early losses.

The Toronto Composite index was off 0.1 at 2691.6. Metals and Minerals 5.8 at 1878.5, but Golds moved up 25.5 at 3642.3, and Oil and Gas firmed 4.9 to 3122.8.

Gulf Canada eased $⅛ to $17¾ after its 60 per cent owner Chevron said it extended the deadline for Olympia and York Developments to withdraw from its planned purchase of Chevron's interest in Gulf.

Royex Gold lost 15 cents to $2.45—it said it settled its dispute over a California gold property with Inca Resources.

TOKYO

Lower in moderate trading, following firmer U.S. interest rates and yen weakness against the dollar prompted by the higher-than-expected "flash" estimate of U.S. GNP for the second quarter.

The Nikkei Dow market average lost another 43.21 to 12,634.76 on volume of 450m (680m) shares.

Though market participants still expect a U.S. discount rate cut, despite the GNP figure, a bearish sentiment prevailed in reaction to the sharp drop of the yen's exchange value against the dollar, dealers said.

The SE index was down 4.98 to 1,010.64, and the second section of the market finished weaker on turnover of 16m (15m) shares.

The yen fall depressed Oils and Power firms. Some trading Houses declined on higher U.S. interest rate levels.

International Populars ended mixed.

Damage Insurances and Properties were easier, with Tokio Marine/Fire losing Y29 to 921. "Large-capital" shares also weakened slightly.

Selective bargain hunting helped some of Pharmaceuticals and Foods rise.

GERMANY

Leading share prices saw another day of heavy domestic and foreign demand, driving the Commerzbank 60 stock index up 9.4 to 1,427.1, its fourth consecutive record. Individual Blue Chips continued to score spectacular gains.

Trading in Nixdorf's Rights began yesterday, further attracting demand, while news of a favourable Rights offering planned by Linde also fuelled bullish sentiment. But one of the main boosts came from evidence the Bundesbank is fostering lower German interest rates.

Yet another boost in stock trading came from Thursday's news the Bundesbank is urging an abolition of Bourse turnover tax. Dealers said it remains to be seen whether the idea is picked up by the Bonn Government, but the levy, 0.25 per cent of share and bond transactions, has been seen as a major reason leading to heavy trading in German securities in London.

Daimler was a star performer, adding DM 21 at 856 on a buy recommendation issued by a major West German Bank, as well as speculation the company may raise its dividend this year, possibly to DM 12.50 from DM 10 to mark its 100th anniversary.

Porsche, which on Thursday surged DM 131 added another DM 47 at 1,448.

Linde, announcing late Thursday a one-for-five Rights issue at DM 250, gained DM 16 to 528, while Nixdorf trading ex rights worth about DM 91, closed down at DM 573.

AUSTRALIA

Share markets closed marginally firmer, with weakness in the Resource sector offset by healthy trading on the Industrials board.

Brokers said the market tone was bearish from the opening, following a $8 fall in New York bullion overnight and the release of strong latest GNP statistics which strengthened the U.S. dollar. This helped depress Resource stocks.

At the close the All Industrials market had firmed 6.3 at 1,231.2, but All Resources lost 4.4 at 561.7. Gold fell 11.1 to 818.0. Turnover 57.5m shares valued at $A64.6m, with falls outnumbering rises 199-to-162.

Coles put on 4 cents to $A3.71 after a U.S.-based investment group placed an order for 1.4m shares.

Continued speculation that retailer Myer, up 5 cents to $A2.21, may soon be the subject of a takeover bid highlighted trading — more than 800,000 shares were traded.

Woolworths, considered a potential bidder for Myer, advanced 15 cents to $A2.92, while FAI, also considered a possible suitor, rose 50 cents to $A15.

HONG KONG

Sharply higher on late heavy buying by overseas institutions. U.S. investors, bargain hunting for Blue Chips, were the major buying force.

Highly liquid local investment funds also supported the advance which pushed the Hang Seng Index 18.98 higher at 1561.13. Turnover, however, fell to HK$353.17m (HK$397.41m).

Brokers said the market was aided by expectations of an interest rate cut. After the market closed the Hong Kong Association of Banks announced a cut in the local prime rate to 8.0 per cent from 8.5 per cent.

Investors were also encouraged by the "flash" U.S. second quarter GNP figures which showed annual economic growth of 3.1 per cent.

SINGAPORE

Share prices closed slightly higher in late afternoon trading, after a mixed morning session. The closure of the Kuala Lumpur S.E. dampened sentiment slightly.

The Straits Time Industrial Index rose 2.30 to 784.66 and the S.E. All Share index firmed 0.45 to 27.30. Turnover 3.5m (5.6m) shares.

Promet led the actives with a one cent rise to S$1.39, with 304,000 shares exchanged. Pan Electric rose 5 cents to S$2.45 on 274,000 units, while Tuan Sing Holdings eased half a cent at 49.5 cents on 92,000 units.

CANADA

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

Indices

NEW YORK — DOW JONES

STANDARD AND POOR'S

N.Y.S.E. ALL COMMON

TORONTO

MONTREAL

NEW YORK ACTIVE STOCKS

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases

The dollar slipped back in currency markets yesterday in reaction to its sharp upward correction following U.S. GNP figures. It closed at DM3.0645 from DM3.0730 and SwFr 2.5625 compared with SwFr 2.5725. Against the yen it fell to Y248.10 from Y248.30 and FFr9.3450 compared with FFr9.3750. On Bank of England figures, the dollar's exchange rate index closed at 145.1 unchanged from Thursday.

Sterling finished slightly firmer overall, managing to regain some of its poise after Thursday's sharp downward correction. Its index closed at 80.0 from 79.8 on Thursday. Against the dollar it rose to $1.2875 from $1.2780 and was also higher against the D-mark at DM 3.9450 from DM 3.93. Against the yen it improved to Y319.5 from Y317.5 and SwFr 3.3025 from SwFr 2825. Against the French franc it rose to FFr 12.0350 compared with FFr 11.9850.

£ IN NEW YORK

	June 21	Prev. close
£ Spot	$1.2855-1.2875	$1.2775-1.2785
1 month	0.55-0.53 pm	0.55-0.54 pm
3 months	1.50-1.46 pm	1.48-1.46 pm
12 months	4.15-4.00 pm	4.15-4.05 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	June 21	Previous
8.30 am	79.9	80.4
9.00 am	79.9	80.4
10.00 am	80.0	80.5
11.00 am	79.9	80.5
Noon	79.8	80.5
1.00 pm	79.8	80.5
2.00 pm	79.9	80.1
3.00 pm	79.9	79.8
4.00 pm	80.0	79.8

POUND SPOT—FORWARD AGAINST POUND

June 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2720-1.2895	1.2870-1.2880	0.58-0.53c pm	5.12	1.50-1.45pm	4.62
Canada	1.7380-1.7560	1.7520-1.7555	0.44-0.46c pm	3.06	1.20-1.07pm	2.60
Nethlnd.	4.40-4.50	4.40-4.50	2¼-2c pm	5.73	6½-5½pm	5.45
Belgium	79.06-79.80	79.50-79.60	28-23c pm	3.64	77-68pm	2.65
Denmark	14.101-14.177	14.17¼-14.17¾	3½-2½ore pm	2.54	9½-8½pm	2.53
Ireland	1.2530-1.2595	1.2545-1.2565	0.19-0.08p pm	1.28	0.43-0.25pm	1.08
W. Ger.	3.8196-3.9455	3.9445-3.9455	2½-2¼pf pm	6.84	6½-6¼pm	6.59
Portugal	222.80-228.10	224.61-228.09	185-545c dis	−16.35	656-1575dis	−14.40

DOLLAR SPOT—FORWARD AGAINST DOLLAR (extract)

June 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Spain	174.75-176.85	174.75-175.60	100-115c dis	−7.31	330-370dis	−7.95
Italy	1.654-1,972	1,955¼-1,956¼	10½-11 lire dis	−0.48	31-32dis	−6.40
Norway	2.6150-8.8540	8.8245-8.8255	3¼-3¼ore dis	−4.74	10¼-10¼dis	−4.74
France	8.3500-9.4260	8.3445-9.3455	2.20-2.35c dis	−2.90	6.50-6.80dis	−2.83
Sweden	8.8395-8.8455	8.8445-8.8455	6¼-6¾ore dis	−2.79	19-16½dis	−2.68
Japan	247.90-248.70	248.05-248.16	0.29-0.25y pm	1.30	0.88-0.83pm	1.37
Austria	21.50-21.71	21.50-21.55	2-1¼gro pm	0.89	5¼-3¼pm	0.83
Switz.	2.5550-2.5810	2.5620-2.5630	0.50-0.46c pm	2.23	1.55-1.49pm	2.36

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 62.40-62.50.

OTHER CURRENCIES

June 21	£	$		£ Note Rates
Argentina Peso	N/A	N/A	Austria	27.50-27.80
Australia Dollar	1.9140-1.9180	1.5008-1.5030	Belgium	79.25-80.05
Brazil Cruzeiro	7,449-7,471	5,850-5,850	Denmark	14.06-14.12
Finland Markka	8.1504-8.1824	6.5170-6.5190	France	11.93-12.06
Greek Drachma	178.34-175.10	136.53-138.17	Germany	3.91¼-3.94¼
Hong Kong Dollar	2.9560-2.9460	7.7660-7.7680	Italy	2420-2525
Iran Rial	118.50*	92.25*	Japan	317-321
Kuwait Dinar (KD)	0.3880-0.3885	0.30525-0.30540	Netherlands	4.42-4.46
Luxembourg Fr.	80.55-80.45	92.40-69.50	Norway	11.26-11.35
Malaysia Dollar	514.60-315.25	9.4590-2.4520	Portugal	217-297
New Zealand Dlr.	9.7605-9.7585	9.1413-1.2145	Spain	217¼-227
Saudi Arab. Riyal	4.6714-4.6755	3.8510-3.8520	Sweden	11.25-11.55
Singapore Dollar	2.8545-2.8525	2.2320-2.2340	Switzerland	3.27-3.50
Sth African Rand	2.5065-9.5193	1.9665-1.9704	United States	1.96¾-1.28¾
U.A.E. Dirham	4.6995-4.7052	5.5780-3.5760	Yugoslavia	346-370

* Selling rate.

EXCHANGE CROSS RATES

June 21	Pound St'rling	U.S. Dollar	Deutschem'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.888	5.245	319.5	19.04	5.303	4.450	9512.	1.754	72.55
U.S. Dollar	0.777	1.	6.064	248.2	2.346	8.565	3.456	1257.	1.362	51.72
Deutschemark	0.265	0.596	1.	80.99	5.051	0.937	1.189	639.5	0.445	20.15
Japanese Yen 1,000	6.160	4.060	19.35	1000.	67.57	10.34	15.23	7884.	5.489	249.0
French Franc 10	0.951	1.070	5.878	265.5	10.	2.744	6.599	8095.	1.457	66.10
Swiss Franc	0.603	0.590	1.195	28.74	3.644	1.	1.547	768.8	0.531	24.09
Dutch Guilder	0.295	0.299	0.887	71.80	8.704	0.742	1.	660.1	0.524	17.88
Italian Lira 1000	0.697	0.511	1.566	126.8	4.778	1.311	1.767	1000.	0.695	31.69
Canadian Dollar	0.870	0.734	2.249	182.2	5.852	1.895	2.857	1436.	1.	45.65
Belgian Franc 100	1.267	1.519	4.959	401.0	15.15	4.151	6.584	5167.	2.206	100.

MONEY MARKETS

Rates higher

Interest rates were higher in London yesterday following sterling's initially weaker trend in reaction to the latest U.S. GNP figures. Six-month interbank money rose to 12¼-12⅜ per cent from 12-12⅛ per cent and six-month sterling CDs rose to 12¼-12 per cent from 12-11⅞ per cent. Weekend interbank money traded between 12 per cent and 13½ per cent.

UK clearing banks base lending rate 12½ per cent since June 13

The Bank of England forecast a shortage of around £1,150m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £721m and Exchequer transactions a further £200m. There was also a rise in the note circulation of £270m. These were partly offset by banks' balances brought forward £60m above target.

To help alleviate the shortage the Bank offered an early round of assistance which totalled £315m and comprised purchases of £74m of eligible bank bills in band 2 (15-33 days) at 12½ per cent and £82m in band 3 (34-63 days) at 12½ per cent as well as £2m of local authority bills. In band 4 (64-91 days) it bought £157m of eligible bank bills at 12 per cent.

Further help was given in the morning of £135m comprising purchases of eligible bank bills, £4m in band 1 at 12⅞ per cent, £26m in band 2 at 12½ per cent, £42m in band 3 at 12½ per cent and £63m in band 4 at 12 per cent.

The shortage was revised to £1,200m before taking into account the early help and the Bank gave additional assistance in the afternoon of £717m. This comprised purchases of £3m of eligible bank bills in band 1 at 12⅞ per cent, £166m in band 2 at 12½ per cent, £112m in band 3 at 12½ per cent and £45m in band 4 at 12 per cent. It also arranged sale and repurchase agreements on £391m of bills at 12⅞ per cent, unwinding on June 25. Total help was £1,167m.

LONDON MONEY RATES

ECGD Fixed Rate Finance IV: Average Rate of Interest period May 9 to June 4 (inclusive): 12.677 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13 per cent from June 1, 1985. London and Scottish Clearing Bank Rates for lending 12½ per cent. Bank Deposit Rates for sums at seven days' notice 6.65-6.75 per cent (net). Treasury Bills: Average tender rate of discount 11.9171 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 12½ per cent; one-three months 12¼ per cent; three-six months 12 per cent; six-nine months 11¾ per cent; nine-12 months 11¾ per cent. Under £100,000 11¾ per cent from June 20. Deposits held under Series 5 11¾ per cent. The rate for all deposits withdrawn for cash 9 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. June 21)

Three months U.S. dollars: bid 7 6/10 — offer 7 11/16

Six months U.S. dollars: bid 7 13/16 — offer 7 15/16

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

June 21	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lire	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	7⅜-7½	9½-2¾	5¾-7	7⅛-1¼	5½-5⅝	10⅛-10¼	13½-14½	8½-8¾	9½-8¾	6-6⅛	2⅝-10⅛
7 days' notice	7⅜-7½	9½-2¾	5¾-7	14¾-15	5⅝-5¾	10⅛-10¼	13½-14½	9½-9¾	8½-9¾	5⅞-5⅞	2⅛-10⅜
Month	7⅝-7⅞	2½-2¾	5¾-6⅛	5⅞-5⅞	5½-5⅝	10⅛-10⅛	13½-14⅝	8⅝-8⅞	8⅝-8⅞	5¼-8⅞	2⅝-10⅛
Three months	7⅞-7¾	2⅞-2⅞	6⅝-6⅝	5⅞-6⅞	5½-6⅝	10¼-10¼	13¾-14¼	8⅝-8⅞	8⅝-8⅞	6¼-6⅞	2½-10
Six months	7⅞-9⅞	9⅞-2⅞	0⅞-6⅞	6⅞-6⅞	5½-5⅝	10⅞-10⅞	14-14⅝	8⅝-8⅞	8⅝-8⅞	6¼-6⅝	9¾-9¾
One year	8⅞-8⅞	2⅞-2⅞	6⅞-6⅞	5⅛-5¼	6⅝-5¾	11-11⅛	14¼-14⅝	9½-9⅝	8-8¼	6⅞-6⅝	9¼-9⅝

Asian $ (closing rates in Singapore): Short-term 7⅜-7½ per cent; seven days 7⅜-7½ per cent; one month 7⅞-7⅞ per cent; three months 7⅞-7⅞ per cent; six months 7⅞-7⅞ per cent; one year 6⅞-8⅛ per cent. Long-term Eurodollars: two years 9-9⅛ per cent; three years 9⅛-9⅜ per cent; four years 9⅛-10 per cent; five years 10⅛-10¼ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES (extract)

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1985 High	1985 Low
SEEDS					
Copra (Philippines)	$350w	—	$805	$570	$350
Soyabeans (U.S.)	$258.4t	−6.85	$300.4	$255.4	$925
OTHER COMMODITIES					
Cocoa Futures Sept.	£1712	−18.5	£1942.0	£2,866.6	£1717.5
Coffee Futures Sept	£2054.6	−80	£2294.0	£2,457	£9027.0
Cotton Index	83.7c	−0.1	83.70c	71.95c	08.70c
Des. Coconut	‡	—	£1100	£1,250	£840
Gas Oil Fut. Aug.	$214.6	+6.26	$357.25	$235.5	$208.76
Jute UA BWC grade	‡	—	$505	$945	$730
Rubber kilo	07c	−1	51.0p	70p	52p
Sisal No. 3L	‡	—	$070	$670	$580
Sugar (Raw)	$85yz	−8	$107	$129.5	$85
Tea (quality) kilo	205p	—	394c	340c	125c
(low med) kilo	116c	−2	990p	955c	115p
Wooltops 64s Super	457p kilo	—	474c kilo	525p kilo	457p kilo

‡ Unquoted. (g) Madagascar. (v) June. (y) June-July. (w) July. (t) Sept.

OIL

Strength continued into the afternoon as rumours about North Sea production circulated and by 1 pm EST Nymex was 35c up for August. In the petroleum products market gas oil firmed on June demand but July prices remained at a $4-5 discount. High sulphur fuel prices were stable with specific trader requirements and bunkering demand balanced by ample supply—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—July		
Arab Light	26.70-26.76	—
Arab Heavy	24.65-24.85	—
Dubai	26.20-25.25	—
Brent Blend	26.45-26.55	+0.925
W.T.I. (1pm est)	27.35-27.45	+0.25
Forcados (Nigeria)	26.35-26.50*	+0.225
Urals (cif NWE)	26.26-26.40	—

GAS OIL FUTURES

REVIEW OF THE WEEK

Renewed pressure on aluminium market

BY OUR COMMODITIES STAFF

ALUMINIUM PRICES came under renewed pressure on the London Metal Exchange, this week falling to the lowest level since October 1984. The rise in the value of sterling contributed to the decline but pessimism about the short-term supply-demand prospects continues to undermine market sentiment.

Latest figures issued by the International Primary Aluminium Institute showed that non-Communist world production of aluminium rose slightly in May in spite of the heavy cuts in output by North American and European producers in recent months. There is, therefore, apparently little prospect of the hoped for decline in surplus stocks needed to relieve pressure on the market. The cash price closed last night at £795 a tonne, £8.5 down on a week ago.

Zinc prices touched new 30-month lows this week before rallying yesterday on a renewed shortage of immediately available supplies, the cut in the European zinc producer quotation from $930 to $880 a tonne initiated by Metallgesellschaft last week was followed by the other producers this week. U.S. producers also lowered their domestic selling prices for zinc by 3 cents to 44 cents a lb after the U.S. Mint buying tender results included bids as low as 39.92 cents.

The U.S. Mint is to tender for 2.5m lb of copper on July 16. Meanwhile Asarco lowered its U.S. domestic price by one cent to 66 cents a lb and LME values were easier in spite of an unexpected decline in warehouse stocks.

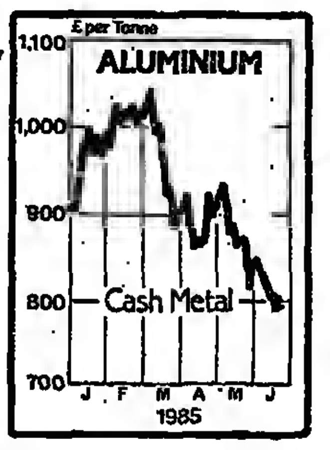
Lead held firm with the cash price maintaining a small premium over the three months quotation reflecting a scarcity of nearby supplies. Broken Hill Associated Smelters in Australia announced that "soft pig" lead production at its Port Pirie smelter had been temporarily halted by blast furnace difficulties. It is estimated some 10,000 tonnes of production may be lost. But deliveries to regular customers are being maintained.

Gold was boosted for a brief period to over $325 an ounce following the cut in U.S. interest rates and consequent fall in the value of the dollar. However the recovery in the dollar pushed the gold price back down to $314.75 an ounce, down $3 on the week.

Coffee futures values drifted lower reflecting sterling's steadiness and milder Brazilian weather, reducing the fears of frost damage to next year's crop which have been buoying up coffee prices recently. The September position finished the week £66 lower at £2,054.50 a tonne.

The U.S. Department of Agriculture (USDA) published a new assessment of coffee production prospects, putting the 1985-86 world crop at a record 99.1m bags (60 kilos each), up 7.2m bags from the 1984-85 crop. But the forecast appeared to have little effect on the already depressed market tone.

The USDA also updated its assessment of the sugar supply/demand situation which it now expects to result in a world stocks figure of 43.5m tonnes, up 3.5m, at the end of the 1984-85 marketing year. It said this figure was 50 per cent above the level accepted as normal.



Sugar prices came under renewed pressure on the futures markets.

A surprise decision by the EEC not to offer the normal compensation payment on wheat carried forward into the next marketing year resulted in a sharp fall in the July position on the London wheat futures market. The price, which was already under pressure because of slackening demand for old season supplies, ended £6.65 down on the week at £111.95 a tonne.

BASE METALS

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM
ZINC
COPPER
SILVER
LEAD
NICKEL
TIN
FREIGHT FUTURES

COCOA
PIGMEAT

French transhipment East Coast June 146.50 sellers. Real unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: N East 111.40. The UK monetary coefficient for the week beginning Monday, July 1 (based on HGCA calculations using three days' exchange rates), is expected to change to 0.665.

POTATOES
SOYABEAN MEAL
SUGAR
GRAINS
RUBBER
COFFEE

GOLD

INDICES
FINANCIAL TIMES
REUTERS
MOODY'S
DOW JONES

AMERICAN MARKETS

PRECIOUS METALS were steady reflecting a firm tone to currencies, reports Heinold Commodities. Copper generally firmed on expectations of an LME decline. Aluminium continued to decline on continued indications that stocks remain burdensome. Sugar showed slight gains on a technical reaction to an oversold condition. Cocoa weakened on reports of cocoa afloat to Europe. Coffee weakened on good availability of nearby coffee. Cotton weakened on poor prospects for demand. Grains and soyabeans firmed during the day on higher currencies, short-covering and profit-taking ahead of the weekend. Soyabeans responded to a low rate of crush in the previous year but on the close markets retreated on profit-taking with wheat finishing slightly lower on pre-hedging ahead of what could be the peak harvest weekend. Heating oil advanced strongly as spot supplies are becoming dangerously low.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
June	44.15	—	—	44.65
July	44.25	44.40	44.20	44.75
August	44.55	—	—	45.05
Sept	44.90	45.20	44.80	45.40
Dec	45.90	46.05	45.30	46.40
Jan	46.20	—	—	46.70

CHICAGO

LONDON STOCK EXCHANGE

MARKET REPORT

Equities weaken fourth consecutive session and index closes at two-month low

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 1	July 11	July 12	July 22
June 3	June 13	June 14	June 24
June 17	June 27	June 28	July 8

* "New-time" dealings may take place from 9.30 am two business days earlier.

A mood of despondency continued to overhang the London equity market yesterday and the FT Ordinary share index fell for the fourth consecutive trading session. Turnover was extremely low because of the vast amounts of money still tied up in new issues and company cash calls. Some brokers experienced their slowest day for many months, but the market became uncertain and share prices deteriorated progressively.

Concern over the economy and the rising rate of inflation remained deterrents to fresh investment, along with continuing worries about world crude oil prices. Moreover, hopes of an early cut in UK base rates have evaporated since the authorities refused earlier in the week to endorse easier period rates in London money markets, while speculation about cheaper U.S. money has decreased following the publication of more favourable economic data.

However, the root of the equity market's problem could be the existence of sizeable short-term trading positions, many of which have been carried over from the previous account. These were heavily on the bull tack and are currently giving cause for some concern. Unless demand revives, the market will probably remain vulnerable to exaggerated swings in direction.

Several blue chip issues sustained double-figure falls yesterday and the FT Ordinary share index closed 10.9 down at its lowest level since April 24 of 963.2. This represents a fall of 15.9 on the week and one of over 38 points over the past fortnight.

A steadier pound lent support to Gilt-edged securities, most of which hovered either side of their overnight levels. Short-dated stocks were the exception and drifted easier as prospects for a reduction in base rates diminished to settle ¼ down in places. The new low-coupon stock Treasury 3 per cent 1990 attracted few inquiries. Initially the price eased to £75½, or a small discount, but it rallied to close at the issue level of 75¾. Index-linked Gilts pulled out of the recent slide on scattered bear-covering.

The announcement that Prudential was to acquire Insurance Corporation of Ireland Life, one of Ireland's leading unit-linked Life companies, disappointed operators in the Insurance sector who had anticipated a more exciting development; before the market opening, rumours of an Allianz bid for Royals or, a Royals offer for London and Manchester had been rife. Pru fell away after the news to close 15 down at 678p, while London and Manchester gave up 9 at 795p and Royals 10 at 673p. Abbey Life, which closed with a 52 premium over the 180p issue price on Thursday, reacted 5 to 227p, while other Life issues retreated on profit-taking. Equity and Law fell 11 to 255p, Sun Life dropped 13 to 862p and Legal and General lost 17 to 718p. Lloyds Brokers succumbed to the dull trend and Hogg Robinson closed 7 easier at 238p; the preliminary results are scheduled for Wednesday. C. E. Heath lost 7 at 620p and Willis Faber 11 at 654p.

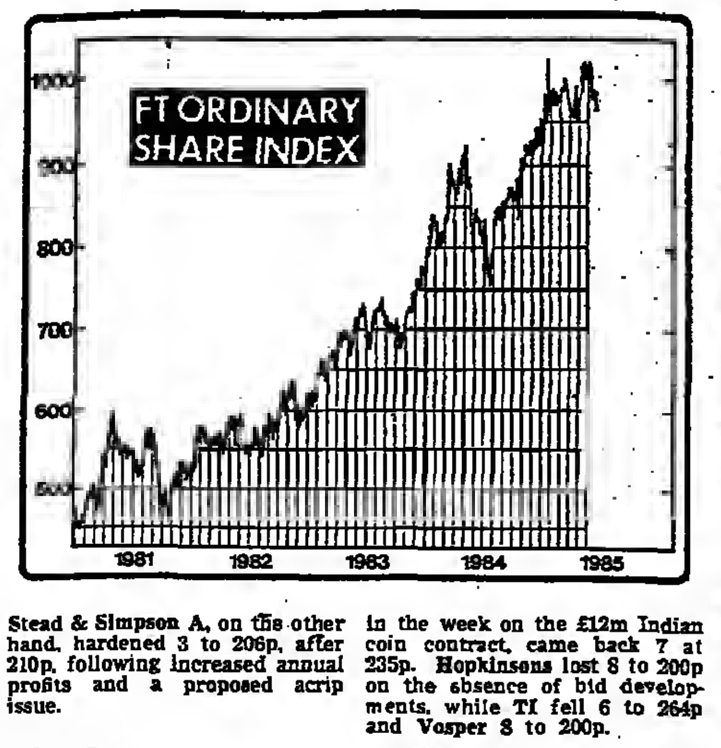
An otherwise lacklustre session in Breweries was enlivened by a fresh burst of speculative activity in Allied-Lyons, which advanced to 216p before settling 6 up on balance at 211p amid renewed talk of a consortium bid being in the offing. Scottish and Newcastle improved a fraction to 140½p following a pub-swap deal with J. W. Cameron; in April of last year, S & N's proposed purchase of the Hartlepool-based concern incurred a reference to the Monopolies Commission. Arthur Bell traded between 255p and 248p before settling a net 8 lower at 250p.

Costain Group highlighted Buildings, rising 8 to equal the 1985 high of 410p. On the other, Blue Circle drifted back to close 5 easier at 515p, and similar falls were seen in RMC, 364p and Tarmac 292p. Among Timbers, Meyer International dipped 5 to 137p on further consideration of the lower profits announced earlier in the week, while Magnet and Southerns gave up 4 to 136p. Favourable comment boosted William Sindall 15 to a year's best of 380p.

ICI traded quietly and settled 7 off at 733p.

Stores finished the first leg of the Account on a dull note, investors failing to glean encouragement from the optimistic tenor of the latest FT/CBI survey of the distributive trades. The leaders displayed modest falls with Woolworth 8 lower at 407p. Debenhams eased a couple of pence to 382p following publication of the defence to the bid from Burton, 6 off at 464p; at Burton's request, the takeover panel asked N. M. Rothschild, merchant bankers to Debenhams, to cancel a proposed meeting with stockbrokers to review the defence document. Meanwhile, House of Fraser has increased its stake in Debenhams to 7.95 per cent.

Secondary Stores again met with sellers. Etam fell 6 to 180p following a director's sizeable sale of shares, while J. Hepworth declined 10 more to 210p. Body Shop International, 710p, and Our Price, 540p, gave up 20 and 15 respectively, while Stirling, due to announce full-year figures next month, dipped 8 to 70p.



Stead & Simpson A, on the other hand, hardened 3 to 206p, after 210p, following increased annual profits and a proposed scrip issue.

BSR down

Leading Electricals ended the week on a distinctly dull note. Sporadic bouts of selling on an unwilling market took its toll and left Thorn EMI down 6 at 427p and Plessey 4 off at 126p. Racal, supported recently ahead of Monday's annual results, reacted 4 to 190p. GEC also lost 4 at 168p, while STC reflected adverse comment with a decline of 6 to 140p. Elsewhere, renewed concern about the computer industry's problems brought fresh pressure to bear on BSR, which plunged to a 1985 low of 48p before closing 8 easier and 18 down on the week at 50p. MK, with annual figures scheduled for Thursday, gave up 10 at 245p, while falls of 7 and 13 respectively were seen in Sound Diffusion, 60p, and Logica, 220p.

The overnight announcement that the Alan Bristow-led consortium bid for Westland had lapsed exerted renewed selling pressure and the shares slumped to a 1985 low of 60p before rallying on to close a further 12 down on the day and 48 lower on the week at 78p — just over a week ago the price stood at 145p. British Aerospace, meanwhile, gave up 8 more for a two-day decline of 17 to 345p amid fears that the group could be forced to acquire Westland. Elsewhere, Engineerings drifted easier with sentiment not helped by Baker Perkins' proposed £10.5m rights issue. Baker lost 12 to 190p, while GKN gave up 4 at 273p and Hawker dropped 6 at 418p. Birmingham Mint, firm earlier in the week on the £12m Indian coin contract, came back 7 at 235p. Hopkinsons lost 8 to 200p on the absence of bid developments, while TI fell 6 to 264p and Vosper 8 to 200p.

Foods drifted lower across the board, although the volume of selling was negligible. Tate & Lyle, 473p, and Rowntree Mackintosh, 390p, gave up 7 and 5 respectively, while Unigate, a firm market since Monday's excellent annual results, eased a few pence to 173p. A host of "buy" recommendations failed to inspire Fitch Lovell, which settled a couple of pence cheaper at 205p. Comment in the wake of the annual deficit left Barker & Dobson 1½ lower at 8½, but occasional interest took RHM up 6 to 148p revived amid bid talk. J. E. England also attracted speculative support and put on 4 to 48p.

Oriflame higher

Quietly dull conditions prevailed among the miscellaneous industrial leaders. BTR, to the accompaniment of vogue rights issue rumours, fell 8 to 342p, while Beecham lost 7 at 328p and BOC a like amount at 285p. Glaxo softened ¼ to £12¼ and Metal Box, not helped by news of further redundancies at its UK plants, receded 5 to 450p. Reed International dropped 15 to 600p and Boots cheapened 4 to 190p. Secondary issues were featured by a jump of 65 to 495p in Oriflame following demand in a restricted market. Associated Heat Services rose 7 to 348p in response to better-than-expected preliminary results, while Siebe gained 17 to 627p on reports of a broker's circular. Celtic Haven met with revived speculative demand and improved 3½ to 75p. Bullers (formerly AI Industrial) moved up 5 to 35p. LRC firmed 5 to 117p following a favourable Press reception of the results, but Brammer fell 13 to 297p on further consideration of the lapsed Bunzl offer. Wolverhampton Steam Laundry touched 55p after the results and acquisition details, but later reacted on profit-taking to finish a net 2 cheaper on balance at 48p. Evered came on offer at 218p, down 9, with the new nil-paid shares 7 lower at 14p premium.

Lucas Industries again lost ground on profit-taking and closed at 316p, a fall of 9 on the session and one of 17 on the week. Dowty eased a few pence to 185p, while Jaguar finished 9 off at 278p.

KLJ, the sales promotion consultants, slumped 70 to 280p following the static interim profits and disclosure that Associated Dairies is claiming substantial damages against a KLP subsidiary. Elsewhere, Good Relations, 213p, lost Thursday's rise which greeted news of the acquisition of design studio Face Ronchetti. Stationery manufacturers Waverly Cameron, the subject of persistent speculative demand earlier this month, fell 11 to 152p on profit-taking.

Leading Properties mirrored the dull trend. Land Securities dropped 5 to a 1985 low of 267p and MEPC eased 3 to 277p, also a low for the year. Stock Conversion opened higher at 515p on further consideration of the sale of the White City Stadium site to the BBC for £30m cash, but slipped back to close unaltered at 505p.

Oils lower

Secondary issues continued to generate a number of features in the oil sector. Recently-weak Caledonian Offshore attracted further selling in the absence of any bid developments and dropped 30 more to 530p, after 520p, for a week's decline of 150. Irish exploration stocks were persistently sought during early dealings and fell sharply before staging a minor rally in the late afternoon. Bryson Oil and Gas dropped 7 to 98p, Atlantic Resources 4 to a year's low of 52p and Eglinton Oil and Gas 3 to 50p, after a low of 48p. Osceola Hydrocarbons retreated to 28p early on but rallied sufficiently to close unchanged on the day at 34p. Invent Energy revived strongly and moved up £1½ to £12 on further consideration of the progress report released on Thursday.

Worries over oil prices in the run up to the full meeting of OPEC, scheduled for July 5, continued to depress leading issues. Most lost ground before edging away from the lowest levels after-hours. Falls ranging from 3 to 5 were common to BP, 523p, Shell, 683p, Tricentrol, 210p and Ultramar, 205p.

All of the major sectors of mining markets lost ground following another nervous performance by the bullion price. The latter dropped sharply in U.S. markets overnight and fell away to around $312 at one point in London trading before rallying to close a net $3.75 down at $314.75 an ounce — a two-day decline of $10.5. The metal price touched $324.75 on Wednesday when the majority of the leading U.S. banks cut their prime rates to 9½ per cent.

Gold shares mirrored the trend in bullion, opening sharply lower in the wake of persistent and often sizeable overnight American selling. Prices steadied around midday, helped by modest Cape support and subsequently edged higher during after-hours trading, reflecting the minor rally in bullion. However, closing quotations remained substantially down on their overnight levels and the Gold Mines index fell 11.7 to 440.6, erasing all but 3.8 of the good gains registered in the middle of the week.

The leading heavyweights were especially vulnerable and losses in the group extended to around £2, as in Randfontein. Winkelhaak dropped £1½ to £22½, Southvaal £1½ to £33½ and Prisedtn Brand £1½ to £18¾. Weak spots in the cheaper priced issues included Grootvlei, 31 lower at 597p, Western Areas, 17 off at 301p despite the good dividend announced on Thursday, and Hartebeest, which fell 10 to 402p.

South African Financials retreated along with Golds. "Amgold" settled £1½ off at £68½ and Gold Fields of South Africa gave up ¼ to £13¼. Among UK-registered issues Hampton Areas were a fraction harder at 145p, but remained 25 lower over the week. [illegible] the Colorado gold prospect—Hampton Areas' preliminary results are scheduled for Wednesday. Consolidated Gold Fields fell a few pence to 537p and Rio Tinto-Zinc eased 2 to a 1985 low of 568p.

Australians were a shade easier and generally subdued. In Golds Gold Mines of Kalgoorlie ran back 10 to 430p. The junior explorers provided a firm feature in Gem Exploration which continued to attract persistent speculative interest both in London and Australia and jumped 6 more to 66p for a week's gain of 22.

Total contracts transacted in Traded Options amounted to 7,476 with business almost equally divided between calls and puts. The FT-SE 100 contract accounted for 511 calls and 399 puts. Elsewhere, British Telecom remained in the limelight with 711 calls and 550 puts struck, 594 of the latter being done in the August 180's.

FINANCIAL TIMES STOCK INDICES

	June 21	June 20	June 19	June 18	June 17	June 14	Year ago
Government Secs.	81.93	81.94	82.17	81.88	81.76	81.36	78.40
Fixed Interest	86.70	86.49	86.43	86.23	86.18	86.12	82.80
Ordinary	963.2	974.1	980.8	985.8	988.5	979.1	811.7
Gold Mines	440.6	452.3	430.3	433.8	431.8	433.8	569.1
Ord. Div. Yield	4.81	4.75	4.70	4.70	4.68	4.72	4.67
Earnings Yld.%(full)	12.03	11.01	11.80	11.73	11.70	11.81	11.31
P/E Ratio (net)(*)	10.15	10.25	10.34	10.30	10.42	10.34	10.63
Total bargains (Est.)	23,324	28,188	31,507	32,333	33,361	33,337	17,018
Equity turnover £m.	—	463.34	330.00	391.03	503.24	640.33	106.06
Equity bargains	—	27,330	16,065	18,340	20,406	32,861	10,170
Shares traded (mil.)	—	250.0	151.3	160.7	172.1	234.8	116.5

10 am 963.2, 11 am 967.4, Noon 965.8, 1 pm 963.2, 2 pm 962.3, 3 pm 963.4.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 8.60.

HIGHS AND LOWS

	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.17 (13/6)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.72 (21/6)	82.17 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	923.7 (10/1)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/1)	421.9 (18/6)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	June 20	June 19
Daily Gilt Edged Bargains	124.6	154.0
Equities Bargains	179.0	104.1
Value	637.1	684.3
5-Day Average Gilt Edged Bargains	137.6	137.3
Equities Bargains	136.4	129.8
Value	811.9	784.0

LEADERS AND LAGGARDS

Percentage changes since December 31, 1984, based on Thursday, June 21.

Insurance (Life)	+31.84	Oils	+5.32
Newspapers, Publishing	+21.32	All-Share Index	+4.16
Insurance (Composite)	+16.61	500-Share Index	+3.85
Telephone Networks	+17.85	Food Manufacturing	+3.52
Shipping and Transport	+15.11	Industrial Group	+2.95
Stores	+14.71	Overseas Traders	+2.53
Metals and Metal Forming	+14.75	Chemicals	+2.25
Office Equipment	+14.35	Contracting, Construction	+2.18
Packaging and Paper	+14.13	Merchant Banks	+1.14
Motors	+13.84	Building Materials	+0.97
Textiles	+12.03	Investment Trusts	+0.79
Other Industrial Materials	+11.96	Mining Finance	+0.24
Other Groups	+9.89	Leisure	−1.40
Financial Group	+8.81	Property	−3.44
Insurance Brokers	+8.19	Gold Mines Index	−3.58
Banks	+7.45	Tobaccos	−5.03
Brewers and Distillers	+6.42	Health and H'sehold Products	−3.88
Mechanical Engineers	+6.04	Capital Goods	−11.25
Consumer Group	+5.83	Electricals	−11.25
Food Retailing	+5.43	Electronics	−28.36

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
June 24	July 5	Sept 26	Oct 7
July 8	July 19	Oct 10	Oct 21
July 22	Aug 2	Oct 24	Nov 4

For rate indications see end of Share Information Service.

Money was given for the call of BSR International, Burmah Oil, Osceola, Octopus Publishing, Oil, North Kalgurli, Falcon Resources, Terrex, United Scientific, West Coast and Lasmo. No puts or doubles were re-[illegible]

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Allotment letters (or fully paid). ■ Introduction. ✦ Unlisted Securities Market. § Placing price.

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (22)

BRITISH FUNDS (2) Treas. 8½pc Cnv '93, Treas. 3pc '89-'93. INTL. BK. & O'SEAS GOVT. STLG. ISS. (1) Malaysia 12½pc Ln '08. AMERICANS (1). BUILDINGS (2) Sindall (Wm.), Sutcliffe Speakman. ELECTRICALS (2) App. Holographic, Prior. ENGINEERING (1) Barro Inds. INDUSTRIALS (3) Anglo Nordic, Oriflame Intl. INSURANCE (1) Alliance Ves. MOTORS (1) Cowie (T.). PAPER (1) Ferry Pickering. PROPERTY (2) Hardanger Prop, Property Partnerships. OILS (1) Shell Trnspt. 7pc 2nd Prf. MINES (1) Gem Explrn.

NEW LOWS (107)

AMERICANS (3), CANADIANS (1), BANKS (1), CHEMICALS (2), STORES (5), ELECTRICALS (12), ENGINEERING (4), HOTELS (2), INDUSTRIALS (22), INSURANCE (1), LEISURE (1), NEWSPAPERS (1), PAPER (3), PROPERTY (9), TEXTILES (1), TOBACCOS (1), TRUSTS (22), OILS (10), OVERSEAS TRADERS (1), MINES (4)

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	36	8	56	334	70	136
Corpns. Dom. and Foreign Bonds	8	18	61	90	31	329
Industrials	181	482	841	1,274	1,875	4,323
Financial and Props.	58	234	392	195	912	1,798
Oils	27	36	84	117	180	389
Plantations	2	4	12	7	16	93
Mines	22	71	98	243	216	434
Others	50	56	84	326	352	448
Totals	379	842	1,523	2,806	3,160	7,736

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Allied Lyons	211	+6	Lond. Manchester Grp	795	−9
Beecham	328	−7	NMW Computers	235	−10
Celtic Haven	75	+3½	Prudential	678	−15
Equity and Law	255	−11	Royal Insurance	673	−10
Jaguar	278	−9	Sun Alliance	465	−5
Legal and General	718	−17	Westland	78	−12

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Abbey Life	45	232	—	Burmah Oil	12	355	−7
Westland	34	90	−30	Debenhams	12	384	−3
Brit Aerospace	10	153	−7	GUS A	12	775	−12
Royal Insurance	16	683	−6	BAT Inds	11	318	+1
Applerore A&P	14	315	−35	BP	11	525	−3
ICI	14	740	−10	Burton	11	470	−4
Prudential	13	693	−10	Legal and Gen	11	735	−10

†Partly-paid

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Bell (A.)	143	258	+66	Hanson Trust	76	[illegible]	[illegible]
ICI	94	740	+6	Royal Insurance	76	683	+18
Applerore A&P	90	158	+18	Lucas Inds	73	325	+8
Boots	86	194	+12	Plessey	73	130	+5
Westland	85	90	−46	BTR	70	372	+18
Abbey Life	83	[illegible]	[illegible]	Midland Bank	70	342	+16
Nova Menia	78	[illegible]	+52	Beecham	68	335	+3

S. E. DEALINGS

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

[illegible]

CORPORATION & COUNTY

[illegible]

UK PUBLIC BOARDS

[illegible]

FOREIGN STOCKS (coupons payable in London)

[illegible]

STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

C—D

[illegible]

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ● Bargains done the previous day. △ Bargains done with non-member or executed in overseas markets.

Davies and Metcalfe 110p) 60
Dewson Intnl 7½pcDb 1985-90 £81 (18/6)
De La Rue 2.45pcPf (£1) 29 (19/6)
Debenhams 7pcBPf (£0) 45 (17/6). 6¼pc2ndDb 1990-95 £70½ (19/6). 7¼pc2ndDb 1991-96 £73 (19/6). 6½pcLn 2002-07 £68 (14/6). 7¼pcLn 2092-07 £72. 11pcLn 1903-88 £59½ (19/6)
Delta Grp 8pc1stPf (£1) 48. 4½pc2ndPf (£1) 37½ ¼. 7¼pcDb 1086-90 £82¼ (19/6). 10¼pcDb 1095-90 £94¾ (14/6)
Desoutter Bros (Hldgs) 6.25pcPf (£1) 60½ ¼ (19/6)
Dewhurst and Partner (10p) 33½ (17/6)

Rank Organisation 6¼pcPf (£1) 53. 8pc 2ndPf (£1) 87●. 5½pcLn 1990-95 (19.6). 6pcLn 1983-88 £79 (19.6). 8pcLn 1988-93 £79. 18¼pcLn 1997-2002 £89 ¼
Ranks Hovis McDougall 6pc A Pf (£1) 50. 8pc B Pf (£1) 51 (17-8). 6¼pcLn 1985-8d £84¼. 6¼pcLn 19d3-88 (10.8). 7¼pcLn 1981-88 £95 (19.6). 8¼pcLn 1988-94 £83 (19.6). 1991-95 £85½●
Ratcliffe (F.S.) Industries 46 (18/6)
Raybeck 10¼pcPrf (£1) 79
Rendicut (Inter 6¼pc2ndPf (£1) 47½ (14/6). 8¼pcLn 88-95 £8p

F. C. Alliance Invest 6pcPt £53¼ ½ (14/6)
F. C. Eurotrust £¼pcLn 1996 £122
Fledgeling Japan Inv 1a (14/6)
Fleming Far Eastern Invest Tst 4¼pcPf (£1) 36½
Fleming Mercantile Invest Tst 4¼pcDb £33 (19/6)
Foreign Col Invest 5pcPt (£1) 43½●
German Smaller Co's Invest Tst 40
Globe Invest Tst 5½pcLn 1987-91 £214 (14/6). 11½pcLn 1990-99 £214 5
Hambros Invest Tst 7¼pcPf £31¼ ½ (19.6). 8¼pcDb 1981-86 £93½

Applied Holographics Wts to sub for Ord 245●
Bedford (William) (5p) 155
Berkeley Expln & Prod New (£1) (Fp AL-12.7.85) 105
Biomechanics Intnl (10p) 23 4
Browns (Charlie) Cnr Part Centres New ... 87 9 9 90
Clinvform Props (5p) 163
Club Oil 8 (25p) 42 4 (19.6). Wts to sub for B Ord 12 (17.6)
Cranbrook Electronic Hldgs 15p 74 (17 6)
DDT Gp (5p) 157
Dation Intnl (5p) 93 5 8 d. New (5p) (Fp LA-2.2.6.85) 95 6 7 (19/6)
Eldridge Pope A (£1) 198

[illegible]

Moorgate Gp (5p) 183
Perkins (John) Ments New (16p) (Fp LA-918.85) 4p (19.6)
Petrolex (5p) 77
Sangers 5.25pcPf (£1) 71½ (18 6)
Sherwood Computer Services (10p) 173 5
Spectra Automotive & Eng. Prods (10p) 54●
Synterials (10p) 8½
Technology fo r Business 7pcPf (£1) 112 (14.6)
Utd Friendly Insurance. 8 (10p) 385 (19.6)
Viewplan. New (5p) (Fp LA-26-6-85) 119 5
Weid (5p) 98. New (5p) (Fp LA-12.7.85) 96½ 7 8 9 100

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Airship Inds 22½ 3½ (19 6)
All England Lawn Tennis Grnd £500 Dbs 1986-90 (£562 Pd) £8,700
Amal Metal Corp 330 50 (14.6)
Aston Villa FC (15 votes) 500 50 (17 6)
Avesco 51
Bristol West Bldg Soc 11¼pc 24.7.85 £99.781 6 (18 6)
Burad Intnl 23 (14 6)
Burrough (James) 226 8 (19 6)
Cannon St Invs 38 8 (10 6)
Db. 7 7pcPf 1994-96 165 6 (19.6)
Castletown Brewery 3½pc1stDb £26 (19,6)
Db. 4½pcPf 36 (14 6)
De Gruchy (Abraham) 460 (14.6)
Domes of Silence (1920) 25 30 (19/6)
Everton FC £300 10 (14.6)
Exploration Hldgs 1 (19 6)
For Eyes 25½ 7 (18 6)
Gelahn Ceylon Tea 10 2½ (18 6)
Gale (G.) 370 5
Greenwich Res 108 10
Guernsey Gas Light 240 (17 6)
Harvard Secs 19 ¼ ½ 20 1 2 3
Home Brewery 790 3 800 (13.6)
ICE Grp £16 70 5 (18 6)
Ireland Yard Invs 18 ½ (17 6)
Jennings Bros 197 200 (18 6)
Jersey Elec 5pcPf 50 (19 6)
Do. 3pcDb 1987 24 (19 6)
Jersey Gas 3pcPf 22½ (19 6)
Jersey New W'works 2pc4thPf 80 (19.6)
Do. 3½pc2ndPf 140 (19 6)
Do. 3½pc3rdPf 150 (19 6)
Do. 5pc3rdPf 200 (19 6)
Kunick Leisure 81½ 2½
Leisure Instruments 24 5 (17 6)
Lo Riches Stores 470 (19 6)
Lincolnshire Standard Grp 200
Lon and O'seas Land 50 2 (18 6)

[illegible]

Weetabix A NV 136 d
Winchmore 40 ½ (14,6)
Wistech 11

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Abitibi-Price £10¼● (18 6)
Abrolhos Oil Inv 4½ (19 6)
Acorn Secs 19 (18 6)
Advanced Micro Devices £16 (16,6)
Allflex Hldgs 110 (19 6)
Amalil 230
American Home Prods £48½ (18 6)
Ampol 90● 1
Ampol Exploration 120 (17 6)
Ashton Mining 52
Atlantic Richfield £48¼● (17 6)
Aust Guarantee Corp 179 (18.6)
Bambco Gold Mines 13 (17 6)
Basic Rec Int (Bahamas) 999 100● 99 (17.6)
Bayerische Motoren Werke £110½ DM 437 42 (19 6)
Beatrice Cos £24¼ (17.6)
Becton Dickinson £40 (18 6)
Brambles Inds 178● (17 6)
Black Pipe Inds 135 (18 6)
Cadbury Schweppes Aust 125
Canada N.W. (Aust) Oil 8 ½ (14 6)
Charter Mining 2 (13 6)
Chessminster Grp 440 4
Cheung Kong Hldgs 160 1
Cockburn Cement 75 (19 5)
Coles (G. J.) 192
Comalco 100 (14 6)
Commodore Intnl 670 (18 6)
Commonwealth Edison £24¼ (17.6)
Conex Aust 2¼ (14 6)
Coas Pet Aust 18 (17/6)

[illegible]

Vulcan Minerals 210 (13 5)
Wattle Inds 144●
Westcoast Transmission 619 (18 6)
Westfort Pet 8 (18 6)
Westinghouse Elec £45¼ (14 6)
Westmen 150 (12 6)
Westralian Sands 6
Windsor Ind 27 ● 9 [illegible] (17 6)
Woolworths A 607● (19 6)
Wormald (Intl) [illegible] (19 6)
Zanex 7½ (18 6)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration.

None

(By permission of the Stock

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	62.5	66.5	-0.4	3.48
Accum Units	92.2	98.1	-0.5	3.48
Pearl Inc.	86.9	92.4	-0.4	5.00
Pearl Unit Tst.	90.4	96.2	-0.5	4.16
(Accum. Units)	153.0	162.8	-0.7	4.16

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	183.1	194.6	+0.8	1.49
Income	136.1	144.7	-0.5	5.42
Worldwide Recovery	103.1	110.7	----	2.10
American Growth	56.4	60.5	+0.5	0.65
Intl. Emerging Cos.	57.9	62.2	+0.1	0.77
Far East Growth Fd.	47.4	50.8	+0.5	1.00

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	103.6	111.0	+0.5	0.32
Prolific Extra Inc.	61.3	65.2	-0.2	5.82
Prolific Gilt Cap.	79.7	82.9	-0.1	9.39
Prolific High Inc.	125.6	133.6	-0.9	5.42
Prolific Intl.	84.0	90.0	+0.4	1.49
Prolific N. Amer.	116.9	125.2	+0.8	1.52
Prolific Spec. Sits	153.8	147.7	-1.3	1.68
Prolific Technology	103.6	111.0	+0.5	0.66

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	49.2	52.1	+0.8	0.00
Worldwide	48.1	51.0	+0.3	1.61
European Trust	48.0	50.8	+0.3	1.69
North American	52.5	55.6	+0.7	2.05
UK Equity	49.1	52.0	-0.1	3.93

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-59, Ilford Hill, Ilford, Essex, IG1 2DL 01-478 3377

Holborn Equity Tst.	312.6	332.5	-2.1	3.67
Holborn Gilt Tst.	149.5	156.4	+0.1	9.08
Holborn High Inc.	52.9	56.2	-0.1	7.49
Holborn Intl.	58.0	61.7	+0.9	0.58

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188. Dealings to 0264 63432-3

TSB American	97.7	104.0	[illegible]	1.19
Do. Accum.	100.6	107.1	+1.1	1.19
TSB Extra Income	84.8	90.3	[illegible]	6.24
Do. Accum.	94.4	100.5	[illegible]	6.24
TSB General	116.1	123.5	[illegible]	3.41
Do. Accum.	185.1	196.9	-0.8	3.41
TSB Gilt & Fxd Int.	46.7	48.7	[illegible]	9.48
Do. Accum.	56.4	58.8	[illegible]	9.48
TSB Income	158.3	168.5	[illegible]	5.02
Do. Accum.	238.7	254.0	[illegible]	5.02
TSB Pacific	105.3	112.1	[illegible]	1.05
Do. Accum.	108.0	114.9	[illegible]	1.05
TSB International	228.9	243.6	[illegible]	1.99
Do. Accum.	278.8	296.4	[illegible]	1.99
Natural Resources	45.5	[illegible]	----	2.65
Do. Accum.	46.1	[illegible]	[illegible]	2.65
TSB Select. Opps.	46.7	[illegible]	[illegible]	2.48
Do. Accum.	50.1	[illegible]	[illegible]	2.48

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5941

Small Co's Fund	65.7	70.3	+0.7	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	67.2	71.9	+0.3	0.26
Australia	26.6	28.4	+0.5	0.10
Commodity	93.1	100.1	----	1.73
Energy	42.5	45.9	-0.1	0.77
Equity	96.7	103.1	-0.8	3.84
European Spec. Sits.	50.2	53.7	----	0.93
Extra Income	91.8	98.2	-0.2	7.38
Financial	199.3	212.7	----	2.90
Gilt Capital	213.9	224.0	-0.3	3.23
Gilt Income	101.0	105.8	-0.2	9.05
Gold Income	63.6	68.0	-0.1	2.25
Gold Acc.	114.7	122.7	-0.2	2.25
Income	57.8	61.1	-0.7	6.13
Japan	44.1	47.0	+0.2	0.10
Malaysia & Singapore	25.4	27.1	+0.5	1.09
Pacific Income	67.6	72.9	+0.9	0.96
[illegible]	92.0	97.7	+1.0	0.86

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund SA
2 Boulevard Royal, Luxembourg

World Fund N4V	$11.15	—	—	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.62	—	−0.13	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$8.06	—	−0.13	—
Dynamic Gwth Fd	$8.03	—	−0.12	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	12.2	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	12.53	9.51	13.05	6mth
7-day Fnd	12.66	9.46	14.00	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	12.25	9.16	13.55	6-Mth
7-day Fund	12.31	9.20	13.57	6-Mth
Dollar	6.12	—	—	6-Mth
Money Mngt. Acct.	12.00	—	—	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484				
Full Service Chq Acc	12.25	8.75	13.09	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	12.375	9.25	11.87	Qtr
Mth. Inc. Chq.	12.25	9.16	13.90	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	11.50	8.59	12.77	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	12.00	8.875	13.24	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	12.25	9.16	13.64	Mth

Charterhouse Japhet plc

NOTES

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	16	Midland Bk.	38
BAT	32	NEI	8
BOC Grp.	25	Nat West Bk.	62
BSR	16	P & O Dfd	36
BTR	52	Plessey	17
Babcock	14	Polly Peck	26
Barclays	48	Racal Elect.	18
Beechams	32	RHM	11
Blue Circle	45	Rank Org Ord	32
Boots	15	Reed Intnl	50
Bowaters	20	Sears	8
Brit Aerospace	33	TI	20
Brit. Telecom	12	Tesco	20
Brown (J.)	3	Thorn EMI	35
Burton Ord	39	Trust Houses	13
Cadburys	14	Turner Newall	10
Comm Union	19	Unilever	85
Courtaulds	$12\frac{1}{2}$	Vickers	19
Debenhams	$17\frac{1}{2}$	**Property**	
Distillers	28	Brit Land	12
Dunlop	6	Cap Counties	18
FNFC	$8\frac{1}{2}$	Land Secs	25
Gen Accident	45	MEPC	28
Gen Electric	17	Peachey	22
Glaxo	85	Samuel Props	14
Grand Met.	25	**Oils**	
GUS 'A'	68	Brist. Oil & Min.	4
Guardian	60	Brit Petroleum	42
GKN	17	Burmah Oil	24
Hanson Tst.	$17\frac{1}{2}$	Charterhall	4
Hawker Sidd.	38	Premier	5
Hse of Fraser	30	Shell	60
ICI	60	Tricentrol	18
'Imps'	18	Ultramar	19
Jaguar	28	**Mines**	
Ladbroke	24	Charter Cons	18
Legal & Gen	50	Cons Gold	44
Lex Service	28	Lonrho	14
Lloyds Bank	45	Rio T Zinc	56
Lucas Inds	25		
Marks & Spencer	11		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99[illegible]	97[illegible]	Treas 8¾pc Cnv '85	99[illegible]	+[illegible]	[illegible]	12.59
101[illegible]	99[illegible]	Exch. 12¼pc 1985	100		[illegible]	11.99
101[illegible]	99[illegible]	Exch. 11¼pc '86	99[illegible]		[illegible]	11.73
99[illegible]	97[illegible]	Treas. 10pc Cnv 1986	98[illegible]		10.[illegible]	11.67
94[illegible]	92[illegible]	Treas 3pc 1986	94[illegible]		3.[illegible]	9.64
100	97[illegible]	Exch. 10½pc Cv '86	99[illegible]		[illegible]	11.49
101[illegible]	99[illegible]	Treas 12pc 1986	100½	−[illegible]	11.[illegible]	11.42
97[illegible]	94[illegible]	Treas 8½pc 1984-86‡‡	97[illegible]		8.[illegible]	11.26
105[illegible]	102[illegible]	Exch. 14pc 1986	103[illegible]		[illegible]	11.41
93[illegible]	87[illegible]	Exch. 2½pc 1986	92[illegible]		[illegible]	7.92
104[illegible]	101[illegible]	Exch. 13¼pc 1987	102[illegible]	−[illegible]	12.[illegible]	11.39
99½	96[illegible]	Treas 10¼pc Cv '87	98[illegible]	−[illegible]	10.4[illegible]	11.37
91	85½	Exch 2½pc 1987	90[illegible]		2.75	8.45
99[illegible]	96[illegible]	Exch. 10½pc 1987	98[illegible]	−[illegible]	10.65	11.33
93[illegible]	89	Funding 6½pc '85-87‡‡	93[illegible]	−[illegible]	6.98	10.66
98[illegible]	95[illegible]	Treas. 10pc 1987	97[illegible]	−[illegible]	10.24	11.33
90[illegible]	84[illegible]	Treas 3pc 1987	90[illegible]		3.33	8.41
102[illegible]	99[illegible]	Treas. 12pc 1987	101[illegible]	−[illegible]	11.84	11.29
93½	90[illegible]	Treas 7¾pc 1985-88‡‡	93[illegible]	−[illegible]	8.31	10.81
98[illegible]	95[illegible]	Exch 10½pc '88	98[illegible]	−[illegible]	10.69	11.23
[illegible]	93[illegible]	Treas 9¾pc Cv '88	96[illegible]	−[illegible]	10.15	11.34
[illegible]	80	Transport 3pc '78-88	85[illegible]	+[illegible]	3.50	8.39
95[illegible]	91½	Treas. 9½pc '88	94[illegible]	−[illegible]	10.0[illegible]	11.38
[illegible]	97½	Treas 11½pc 1989	100[illegible]	−[illegible]	[illegible]	11.31
[illegible]	90[illegible]	Treas 9½pc Cnv. '89	94[illegible]	−[illegible]	[illegible]	11.34
79[illegible]	79	Treas 3pc 1989	79[illegible]		3.7[illegible]	9.32
[illegible]	94	Treas 10½pc 1989	97[illegible]	−[illegible]	[illegible]	11.31
[illegible]	92	Exch 10pc 1989	95½	−[illegible]	10.4[illegible]	11.40
99[illegible]	95	Exch 11pc 1989	98[illegible]	−[illegible]	11.1[illegible]	11.34
84	79	Treas 5pc 1986-89	84		5.95	9.61
10[illegible]	103[illegible]	Treas 13pc 1990‡‡	106[illegible]	−[illegible]	12.19	11.09
99[illegible]	96[illegible]	Exch 11pc 1990‡‡	98[illegible]	−[illegible]	11.15	11.35
108[illegible]	100[illegible]	Exch. 12½pc 1990	104[illegible]	−[illegible]	11.98	11.26
[illegible]	75[illegible]	Treas. 3pc 1990	75[illegible]		3.96	9.30
93	87[illegible]	Treas 8¼pc 1987-90‡‡	90[illegible]	−[illegible]	9.15	10.87

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

1985 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
120	70	♥Colby Res Corp.	85	.....	—	—	—
550	450	Cons. Murch. 10c	475	.....	†Q100c	1.4	8.3
40	28	♦Ennex Int. Ir10p	30	.....	—	—	—
215	143	Hampton Areas 10p	145	+2	5.75	2.2	5.5
260	150	♥Highwood Res.	150	−5	—	—	—
£22½	£18	Homestake Mining £1	£19¼	−¼	020c	—	1.0
310	190	♥McFinley Red Lake	208	−2	—	—	—
300	195	♥Musto Explorations	240	−5	—	—	—
55	23	♥New Sabina Res C$1	42	.....	—	—	—
375	260	Northgate C$1	275	+5	—	—	—
685	568	RTZ	563	−2	20.0	2.7	5.0
£145½	£125½	Do. 9½pcLn '95-2000	£125½	−1	Q9½%	14.0	7.8
£14¼	£10	♥Tara Expln $1	£11	+¼	—	—	—

OVERSEAS TRADERS

101½	68	African Lakes	90	.....	h1.25	8.2	2.0	6.6
41	25	Borthwick (Thos.) 10p	30	−1	0.5	5.3	2.4	8.5
95	62	Boustead 10p	64	−1	—	—	—	—
156	122	Finlay (James)	129xd	.....	4.15	♦	4.6	♦
6½	3½	♥First Pacific Int 5c	6	.....	Q0.1c	1.0	1.3	13.1
210	139	Gill & Duffus	173	−5	20.0	1.7	8.3	8.9
£61½	£50½	Gt. Nthn. £10	£53¾	.....	Q12%	1.6	2.2	31.2
475	405	H'ris'ns. Cros. £1	405	−7	20.0	1.8	7.1	10.6
455	380	Inchcape £1	390	.....	18.15	0.9	6.6	(23.5)
32	26	Jacks Wm.	27xd	.....	1.0	♦	5.3	♦
190	159	Lonrho	169	+1	s10.0	1.6	8.5	(8.8)
65	42	Nesco Invests.	60	.....	3.5	—	8.5	—
52	44	Ocean Wlsns. 20p	51	.....	2.95	1.1	8.3	(14.9)
170	127	Pat'son. Zoch. 10p	165	.....	†5.15	4.8	4.5	1.0
170	124	Do. 'A' N/V 10p	165	.....	†5.15	4.8	4.5	1.0
*368	289	REA Hldgs.	315	.....	1.25	♦	0.6	♦
85	65	Sime Darby M$0.5	67	.....	vQ10.8c	1.6	5.1	12.3
575	465	Steel Bros.	567	+7	16.0	2.9	4.0	9.5
42	26	Tozer Kems. 20p	39	.....	—	—	—	3.7

PLANTATIONS

Rubbers, Palm Oil

1985 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
94	77	Anglo-East Plants.	86	−2	—	—	—
235	203	Anglo-Indones'a	203xd	.....	7.0	5.0	4.9
5½	1½	♦Applied Botanics 2½p	1¼	.....	—	—	—
157	125	Bertam 10p	149	.....	g1.17	1.0	1.1
117½	93	Cons. Plants M$0.5	94	+1	v026c	1.1	8.8
14½	5	Grand Central 10p	12	.....	—	—	—
143	110	Harrisons Mly. PL M$1	112	−4	vQ30c	♦	8.8
97	80	Highlands M50c	81	+1	vQ22.5	♦	8.8
106	85	Kuala Kepong M$1	85	.....	vQ15c	♦	5.7
66	50	♥Malay Plnt M$1	50	.....	vQ18c	1.3	11.4
90	74	Rowe Evans Inv. 10p	75xd	.....	2.25	2.6	4.3

Teas

1985 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£10¼	920	Assam Dooars £1	920	.....	9.0	♦	1.4
£19	£14¼	Lawrie Grp. £1	£17¼	.....	30.0	4.4	2.4
347	242	McLeod Russel £1	325xd	.....	†h5.75	4.5	2.6
225	186	Do.8.4pcCnv.Pf. 90-92	215	.....	8.4%	7.6	5.6
815	730	Moran £1	765	.....	g12.0	♦	2.2
365	275	Plantation & Gen Invs.	287xd	.....	5.0	♦	2.5
630	480	Williamson £1	525	−10	20.0	3.9	5.4

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv 20p	129	.....
Craig & Rose £1	900	.....
Finlay Pkg. 5p	61	.....
Higsons Brew	235	.....
Holt (Jos) 25p	758	.....
IoM Stm. £1	75	−2
IRISH		
Fund 11¼% 1988	£98	.....
Nat. 9¾% 84/89	£92½	+¼
Fin. 13% 97/02	£102⅞	.....
Arnott	165	.....
CPI Hldgs	58	.....
Carroll Inds.	127	+2
Dublin Gas	51	.....
Hall (R. & H.)	59	.....
Helton Hldgs.	16	.....
Irish Ropes	45	.....
Jacob (W. & R.)	80	.....
Unidare	85	.....

"Recent Issues" and "Rights" Page 14

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

For Options see Unit Trusts

FINANCIAL TIMES
Saturday June 22 1985

Campaign row splits French left

BY DAVID HOUSEGO IN PARIS

THE French Socialist Party was split yesterday when M Lionel Jospin, the First Secretary, said that he was prepared to resign if the party executive failed to support him in his quarrel with M Laurent Fabius, the Prime Minister, over the running of the party's election campaign.

In a published letter to members of the committee, he said that he and M Fabius had different concepts of the party's strategy and is long-term future. He made clear that his own concept was of a party firmly rooted to the left, attempting to woo votes from the Communists, but which could equally live with a "social democrat" label.

He condemned M Fabius' attempt to give the party a more centrist outlook before the March parliamentary elections as dissolving the Socialists' identity in a Republican front image. He said M Fabius' proposals would mean turning the page back on 15 years of building a Socialist movement under President Francois Mitterrand.

At the same time M Jospin staked out his own claim to lead the party into the campaign on a platform of its own choice and under its own leadership. Describing the Prime Minister's role as managing government policy under President Mitterrand, he rejected M Fabius' attempts to take charge of the campaign as direction from outside.

The party executive is being asked to pronounce on this highly damaging quarrel when it meets in two weeks time—a delay likely to worsen the feuding within it. Though in ideological terms the leadership's sympathies are more with M Jospin as remaining true to the Socialist flag, they also know that any rebuff to M Fabius would further weaken the government.

As it is, the fresh quarrel comes just after M Michel Rocard, the most popular of French Socialists, opened old wounds in the party by declaring that he would be a candidate for the Presidential election in 1988.

It also flies in the face of M Fabius' strategy in advance of the elections—which is to remove from the public eye any thorny issues or internal divisions which might cast a shadow on the image he is trying to project of quiet and efficient government. The Prime Minister's office declined to comment on the letter, calling the debate it had stirred "artificial and inopportune."

M Fabius' weak spot in the quarrel is that he wants to put non-political figures on the Socialists' lists of candidates to emphasise the shift to the centre. This is deeply resented within the party because it would mean Socialist activists giving up seats. Under proportional representation — which has been brought in for the March elections—the party central office has far more power in choosing candidates than under the existing, single constituency, first-past-the-post system.

M Jospin yesterday tried to disclaim any personal ambition behind his move and to rebut charges that he was stirring up the type of leadership war that afflicts the opposition.

"Have I announced my candidature to any future post?" he asked in the letter—a reference to his widely believed ambition to be the Socialists' choice in the Presidential campaign in 1988.

A mystery in the affair—which blew up only last weekend—is the role of M Mitterrand. The official word from the Elysée Palace is that M Mitterrand wants to encourage competition but it is hard to believe that he would go as far as to push the party towards electoral suicide.

Lloyd's names urged to stage cash strike

BY JOHN MOORE, CITY CORRESPONDENT

UNDERWRITING members of the Lloyd's insurance market facing up to £130m of losses have been urged by professional advisers to mount a cash strike in an effort to force the market authorities to help them solve their problems.

The unusual move means that numerous underwriting members whose affairs are managed by interests of Minet Holdings, the insurance brokers, may refuse to demonstrate to Lloyd's that they have sufficient money to meet their insurance liabilities through a so-called solvency test and will reject a request by market professionals that they produce cash to meet insurance claims. Lloyd's has set a deadline of July 31 for underwriting members to show that they have enough funds to meet their liabilities.

Last night, Lloyd's officials were adamant that its position had not changed. "The drill is that if anyone fails to meet the solvency test then they will be suspended from underwriting at Lloyd's," they said.

Once underwriting members are suspended, money to meet liabilities to policyholders is earmarked from a central fund, which stands at £167.2m, set up to ensure claims are paid if underwriting members default.

The cash strike move follows advice to 360 underwriting members from a steering committee led by Lord Goodman that the background to their losses is consistent with long- and false accounting dating back term and all-embracing fraud to the early 1970s.

Mr James Upton, who runs Upton Underwriting Agencies, which introduced around 70 members to the stricken insurance syndicates at Lloyd's, has urged Mr Peter Miller, the market's chairman, to intervene. "The present crisis, he says, can be sorted out only with the help and co-operation of the ruling council of Lloyd's. "To date, the handling of the crisis has brought nothing but ill-repute to the name of Lloyd's," he has told Mr Miller in a letter.

Mr Upton has told his underwriting members that he has refused on their behalf to meet the cash call to fund the insurance losses. Richard Beckett Underwriting Agencies, which looks after the affairs of 1,525 underwriting members of Lloyd's who face the potential £130m of losses, is asking the members to meet the claims from their own resources.

Mr Upton has told the Beckett underwriting agency, owned by Minet Holdings, the insurance broker, that he cannot recommend his underwriting members "to pay any cash until I have sufficient facts upon which to make a judgment as to the necessity or desirability of asking them for money."

Lord Goodman's steering committee has advised the underwriting members for whom it is acting that the "collective strength of the affected names (the underwriting members) to produce a satisfactory solution to the current problem will be considerably greater were all names to refuse to meet the cash call now made by Richard Beckett Underwriting Agencies; and to refuse to pass the Lloyd's solvency test at the end of July."

In a letter yesterday, the steering committee says that its fighting fund to pay for investigations and legal action stands at £90,000. "If we are to continue our work, therefore, we must seek further funds from you," it tells the underwriting members. Members are asked for a further £250 each to add to the £250 which they have already contributed.

Buying by BP lifts North Sea oil prices

BY IAN HARGREAVES

NORTH SEA oil prices increased sharply yesterday as British Petroleum made heavy purchases to cover its crude needs during the planned maintenance shutdowns of some of its platforms this summer.

Brent for July delivery rose by almost 25 cents to $26.50—a rise of 50 cents on the week. Cargoes for nearer term delivery rose in price by as much as 40 cents a barrel, traders said.

BP was reported to have bought between five and eight consignments of crude in a short burst of trading during the day. "We haven't seen that kind of thing for a long time," said one trader.

The company had previously announced its intention to shut down the Forties field for a week in late August, but it now appears that the closure could take place a little earlier. BP, however, said the shutdowns were still in line with normal planned maintenance.

In New York, where crude futures prices were very buoyant, rumours circulated that the British Government had ordered a shutdown of some North Sea production in an attempt to support oil prices ahead of next month's crucial meeting of the Organisation of Petroleum Exporting Countries.

Arabian Gulf oil prices were unaffected by yesterday's market developments. Arab Light ended the day where it began at $26.70 a barrel.

The run-up to the Opec meeting in Vienna is also making the market edgy. Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, has held talks with a number of oil companies. He has told them there is no chance of any discounts on Saudi prices before the meeting.

The Saudis hope the meeting will agree on a new pricing structure and tougher, more disciplined output restrictions for all Opec members. They are threatening to step up their own oil production if output restrictions are not enforced. That would impose a dramatic downward pressure on prices.

Debenhams Continued from Page 1

pared with its shares and cash offer worth 328.4p for each Debenhams share. Debenhams shares, which have been well above bid price since the takeover was launched, closed last night at 382p, down 2p.

Mr Thornton, who is trying to put together a consortium which might launch a counter-bid if Burton became more threatening, held talks yesterday morning with Mr George Davies, chief executive of Hepworth, the clothing retailer.

Hepworth's highly successful chain of Next stores, selling clothes for men and women over 30, is in direct competition with Burton's recently-launched Principles chain.

House of Fraser, the stores group, announced yesterday it had lifted its stake in Debenhams from 7.6 per cent to 7.95. It does not appear to be involved in the consortium discussions.

Mr Ralph Halpern, Burton's chairman, responded last night by saying that Debenhams had once again failed to show how its "woeful" retailing profits record could be improved.

In a curious twist to the battle, the Takeover Panel yesterday refused Debenhams permission to brief stockbrokers' analysts

CBI president criticises pensions phase-out plan

BY MICHAEL PROWSE

SIR JAMES CLEMINSON, president of the Confederation of British Industry, yesterday criticised the Government's plans to phase out the state earnings - related pensions scheme.

To phase it out would impose extra costs on industry because national insurance and other pension contributions would rise, he warned. This was causing business leaders "considerable concern."

Industry would have to pay not only for pensioners of today but also for those of the next century.

Sir James, speaking at the CBI's Southern Region annual lunch at Henley-on-Thames, rebuked the Government for opting to abolish the scheme rather than follow the CBI's advice to reduce the future burden of pensions by modifying the scheme's rules.

The CBI's criticisms follow an attack on the Government's proposals last week by Mr Stewart Lyon, an independent actuary and the specialist adviser on pensions inquiry team of Mr Norman Fowler, the Social Services Secretary.

Like the CBI, Mr Lyon argued for reform rather than abolition.

The cost could be markedly reduced, said the CBI president, by restricting widows' eligibility to their husbands' pensions, and by altering the rule which bases the pension on a person's best 20 years of pay.

Abolition of the scheme would increase the inequity between public and private pensions. Public sector employees would continue to enjoy full protection against inflation through index-linked pensions, even after it had been phased out, Sir James said.

The Government's Green Paper on the matter dealt "rather inequitably" as between pension schemes contracted in and those contracted out of the state scheme. There could be a "substantial dislocation" if employers were to contract back in before April 1987, he added.

Sir James welcomed the consultative nature of the Government's proposals and said the CBI hoped to have a formal response ready by mid-September.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Allied-Lyons	211	+ 6	Beecham	328	− 8
Assoc. Heat Services	348	+ 7	Bell (Arthur)	250	− 8
Bullers	75	+ 5	Brammer	297	− 13
Gem Expln. & Min.	66	+ 6	British Aerospace	345	− 8
Invent Energy	£12	+ 1¾	Bryson Oil & Gas	98	− 7
LRC Intl.	117	+ 5	Caledonian Offshore	530	− 30
Oriflame Intl. SA	495	+ 65	Equity & Law	255	− 11
Siebe	627	+ 17	Etam	180	− 6
FALLS			Hepworth (J.)	210	− 10
			KLP	290	− 70
			Lucas Inds.	316	− 9
Abbey Life	227	− 5	Plessey	126	− 4
BOC	285	− 7	Prudential	678	− 15
BSR Intl.	50	− 8	STC	140	− 6
BTR	342	− 8	Stirling Group	70	− 8
Baker Perkins	190	− 12	Westland	78	− 12

WORLDWIDE WEATHER

UK today: Rain in Northern and Central areas with fog or mist on high ground. Becoming drier in South. Normal. Outlook: Unsettled.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	22	72	Dallas		—	—	Madeira	S	22	72	Peking	S	31	88
Algiers	S	28	82	Dublin	C	13	55	Madrid	S	30	86	Perth	C	20	68
Amsdm.	C	18	64	Dbrvnk.	S	22	72	Majorca	S	25	77	Prague	C	13	55
Athens	S	28	82	Edinbgh.	R	13	55	Malaga	S	24	75	Reykjvk.	C	12	54
Bahrain	S	36	97	Faro	S	25	77	Malta	S	25	77	Rhodes	S	27	81
Barclna.	S	23	73	Florence	S	26	79	M'chstr.	R	14	57	Rio J'o		—	—
Belfast	R	14	57	Frankft.	C	16	61	Melbne.	S	11	52	Rome	S	24	75
Belgrd.	R	15	59	Geneva	F	18	64	Mx. C.		—	—	Salzbrg.	C	13	55
Berlin	C	15	59	Gibraltar	S	23	73	Miami†	S	26	79	S F'cisco†	F	14	57
Biarritz	F	20	68	Glasgow	R	13	55	Milan	S	23	73	Singapr.	F	32	90
Bmghm.	C	14	57	G'nsey	R	14	57	Montrl.†	F	14	57	S'tiago		—	—
Blackpl.	R	14	57	Helsinki	F	25	77	Moscow	C	21	70	Stckhm.	C	21	70
Bombay	F	31	88	H. Kong	C	27	81	Munich	F	17	63	Strsbg.	F	21	70
Bordx.	C	21	70	Innsbrk.	F	19	66	Nairobi	C	18	64	Sydney	R	11	52
Boulgn.	R	15	59	Invrnss.	F	15	59	Naples	F	24	75	Tangier	F	25	77
Bristol	R	15	59	I.o.Man	C	13	55	Nassau		—	—	Tel Aviv	S	27	81
Brussels	C	18	64	Istanbul	S	27	81	Nwcstl.	C	13	55	Tenerife	S	25	77
Budpst.	F	19	66	Jersey	R	16	61	N Delhi	S	37	99	Tokyo	R	22	72
Cairo	S	34	93	L. Plms.	F	24	75	N York†	C	17	63	T'ronto†	S	13	55
Cardiff	C	15	59	Lisbon	C	21	70	Nice	S	23	73	Tunis	S	27	81
Cape T.	C	17	63	Locarno	S	22	72	Nicosia	S	28	82	Valencia	S	27	81
Chicg.†	C	17	63	London	R	13	55	Oporto	C	18	64	Venice	F	21	70
Cologne	F	17	63	L. Ang.†	C	17	63	Oslo	F	19	66	Vienna	C	16	61
Cpnhgn.	F	19	66	Luxmbg.	C	16	61	Paris	R	18	64	Warsaw	F	18	64
Corfu	S	25	77									Zurich	S	18	64

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

Anti-U.S. rally at hijack airport

By Tony Walker and Nora Boustany in Beirut and Reginald Dale in Washington

MORE THAN 1,000 Shi'ite Moslems brushed aside security at Beirut airport yesterday and swarmed on to the runway near the hijacked TWA jet chanting anti-American slogans and demanding the release of 750 "imprisoned brethren" in Israel.

Many of the young demonstrators, including hundreds of women, were members of the pro-Iranian Hezbollah (party of God), which is thought to have been implicated in the hijacking over a week ago. They are refusing to release 40 or so American hostages until the Shi'ite prisoners in Israel are returned to Lebanon.

While the demonstration was in progress, fighting spread in West Beirut between gunmen of rival factions. Earlier Israeli fighter aircraft broke the sound barrier over the capital.

The sharp rise of tension in Beirut was not matched by any discernible improvement in the prospects for securing an early release of the hostages, although diplomatic contacts have continued, with Shi'ite leaders meeting European representatives.

The Shi'ite leaders also held their own secret meeting to discuss the crisis but offered no indication of what their next move may be.

Gunmen from Amal, the principal Shi'ite organisation, headed by Mr Nabih Berri, toured west Beirut yesterday atempting to force shop owners to reopen stores closed in protest over the rising lawlessness in the capital.

The White House yesterday repeated its determination to make no concessions in its efforts to win the hostages' release and said that there had been no change in the position in the past 24 hours.

A White House spokesman denied reports that Washington was privately urging friendly Governments to convey to Mr Berri that Israel would subsequently release its Shi'ite prisoners in return for the freedom of the 40 Americans.

But he said that the prisoners release could be expected to follow if Mr Berri freed the Americans with no strings attached.

In contacts with the International Red Cross, the U.S. was doing no more than asking for possible information about the health and welfare of the hostages, the White House said.

President Reagan stressed that his meeting with Mr Alexandre Hay, the head of the International Red Cross, on Thursday, had been arranged long before the hijacking of the TWA airliner.

Mr Hay said that while the Red Cross was standing ready to help, "we are not involved."

Lynne Richardson writes from Tel Aviv: Mr Shimon Peres, Israel's Prime Minister, admitted yesterday that "Israel has a problem" with releasing the Shi'ite prisoners.

He stressed that though Israel had always intended to free the Lebanese "dependent on the security considerations in southern Lebanon," there was now "another problem—not to make it look like there was a generalised capitulation to the hijackers."

Continued from Page 1

Unitary tax

pursued at the highest political levels. Mrs Thatcher has more than once raised the issue with President Reagan. But the Government refused last year to accept a similar retaliatory amendment, from backbenchers.

The U.S. Administration dislikes the unitary system, but President Reagan, a former Governor of California, has been reluctant to intervene by proposing federal legislation that would be seen as overriding states' rights.

UK growth rate Continued from Page 1

tively small compared with recent trends.

The Central Statistics Office said the average measure of GDP rose by 3 per cent between the first quarter of last year and the first quarter of 1985. But, after allowing for the effects of the miners' strike, it is estimated that GDP rose by 3½ per cent in the period.

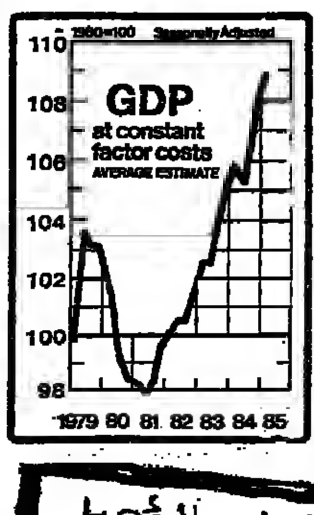
The latest estimate shows that GDP has risen by 11 per cent since the bottom of the recession early in 1981 and is 6 per cent higher than in 1979. If North Sea oil is excluded, the rise since early in 1979 is 4.7 per cent.

The figures show that in money terms, GDP in the fourth quarter of last year was 8 per cent higher than a year earlier.

The indexes for the three measures of GDP showed differing rates of growth, although in theory they should all be the same. In the 12 months between the first quarter of last year and the first quarter of this year the output index grew by 2.8 per cent to 108.2 (1980 100). The income index grew by 3.6 per cent to 111.1, and the expenditure index by 1.8 per cent to 107.4.

Separate figures from the CSO show that its leading economic indicators continue to give a confused signal. The longer leading indicator, which predicts turning points a year ahead, recovered slightly in May after falling earlier in the year. The shorter leading indicator, which looks six months ahead, has been little changed since last summer.

Officials are being particularly cautious about making predictions on the basis of this series, after the incorrect forecast last year that the economy would be slowing down in the early part of 1985.



THE LEX COLUMN

Dead-bat defence from Debenhams

The waters around Debenhams are now so turbid that yesterday's defence document from the group seemed clear in comparison. Not for Debenhams the fancy pencilwork and retailspeak of the Burton/Conran offer: the defence went straight for price or, to be exact, the £76m gap between yesterday's market value of the department store group and Burton's offer for it.

Debenhams may well claim that this premium is belated recognition of its retailing skill; but it may as easily be attributed to the fishing in troubled waters by the likes of House of Fraser. And if, as the document points out, a management buyout or the sale of Welbeck finance are now off the agenda, who is to say that the talk of a consortium counterbid may not be a similar false trail.

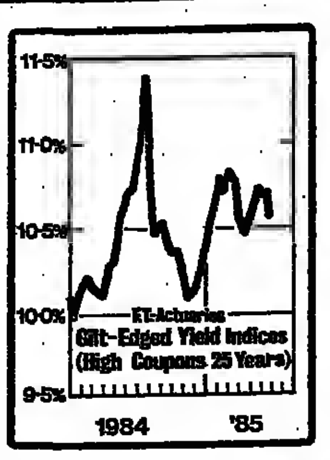
A profits forecast of £60m for this year does not amount to much on the basis of 16 weeks trading, although it has the virtue of being plausible. The turnover increase so far of 11 per cent does presumably contain a sizeable volume component; but in this difficult period, Debenhams is still having trouble making much money out of department stores and is wise to have given up identifying Welbeck's contribution. More bandy is the promise of a slew of unused capital allowances depressing the tax charge and adding about £45m to the prospective value of the business. And while institutions might have preferred a property revaluation to support the share price, at 382p Debenhams still yields 4.5 per cent on the promised dividend.

Debenhams has correctly recognised that the City has begun to regret its early intoxication with the Burton/Conran drawings just at the point when a clear head is needed amid the confusion. Whatever one thinks of Debenhams' conveniently precise estimates of the cost of the "Galleria" concept, the document has certainly sowed doubts. The point is followed up with a promise of increased capital spending by Debenhams itself which, despite a lower level of retentions than at Burtons, it claims it can finance without property sales.

Gilt-edged

The gilt-edged market was an engrossed spectator of this week's dismal slide on Wall Street but it drew the line at audience participation. The U.S. long bond fell more than three points in as many days

Index fell 10.9 to 963.2



whereas the London market finished the week showing little overall movement in prices. Having failed fully to participate in the earlier Wall Street rally, there was perhaps little reason for London to share in the reverse. But there is more to the gilt-edged market's present paralysis than stage-fright. Even the most forthright analysts are in a bit of a muddle about the likely movement of yields.

The bears seem for the moment to have the better of the argument. This week's U.S. economic data—notably the 3.1 per cent flash estimate of second quarter GNP growth—may not have quashed hopes of an imminent cut in the discount rate. But the statistics have certainly lengthened the odds against a cut and have made the chances of another fall later in the summer more remote.

Gilt-edged could in theory make progress even without assistance from the Federal Reserve and the foreign exchange market. Short sterling rates are out of line both with their much reduced counterparts across the Atlantic and with the yield structure in the rest of the sterling market.

The Bank of England could by now be encouraging a move to lower base rates. It is not and the gilts market has a shrewd idea that it knows why.

The earliest projections suggest that monetary growth during the banking month which ended on Wednesday was less than wholly satisfactory. The authorities — or at least the Treasury — may be right to think that a strong increase in bank lending does not carry quite the inflationary implications once feared.

But it must be concerned by the evidence of overspending in Government departments at a time when oil revenue projections are looking a little shaky. Certainly the Government Broker's rather aggressive recent sallies into the market have not created the impression that the Treasury is relaxed about its funding programme.

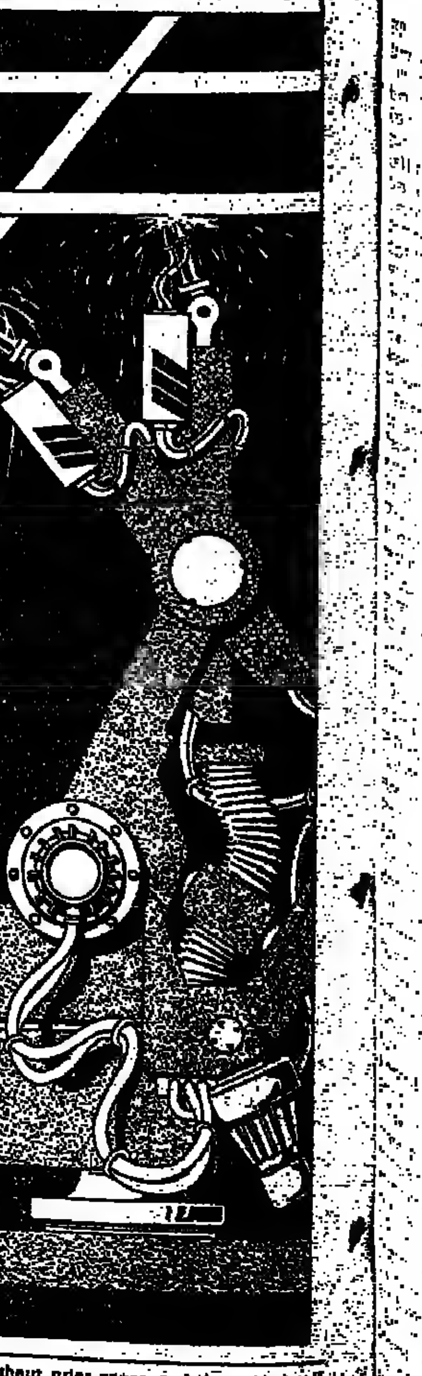
It may be that the fixed interest market is simply unreceptive to new stock. The Government Broker has been meeting powerful competition from the equity market all year and there is no evidence that the equity tap is about to be turned off. Either way, the gilt-edged market looks more than usually vulnerable to heavy funding.

Yet all these reservations scarcely add up to a convincing case for selling gilts. There is no immediate threat from either the foreign exchange or the oil market — though next month's Opec meeting might upset that assumption — and on any but the most pessimistic inflation forecast the current level of yields looks well protected. The institutions cannot really justify a reduction in their gilt-edged weightings, but nor do they feel confident — or rich — enough to engage in serious buying. In the circumstances, to do nothing looks the path of least resistance.

AB Foods

Perhaps Mr Garry Weston has the wish to become known for his ironies. Justifiably proud of the fifty-year growth of AB Foods, he chose yesterday's annual meeting to draw a comparison between the fortunes of the company's original investors and their contemporaries who put their money into undated government stock. As you would expect, 50 years of interest (at ultra-low pre-war coupons) has been no match for the progressive dividends on AB Foods. Even more telling, £100 invested in AB at its flotation would be worth £40,000 today, while the same investment in gilt-edged would be showing a capital loss of £68.

As a curious counterpoint to this anniversary musing on prolonged success, Mr Weston felt obliged to defend his record in short-term cash management—an issue which is of some interest since AB has been sitting on £200m since selling its South African subsidiary two years ago. What have Mr Weston and his three City advisers been doing with the money? Investing in gilt-edged, that's what.



هكذا من الأصل

WEEKEND FT

Saturday June 22 1985

•MARKETS•FINANCE & THE FAMILY•PROPERTY•TRAVEL•MOTORING•DIVERSIONS•HOW TO SPEND IT•BOOKS•ARTS•TV•

A decade on the rigs

Stetsons are out and self-sufficiency is in as Britain this week marks ten years of oil output. Mark Meredith reports from BP's Magnus platform

AN ELECTRICAL fault has developed in a valve on B-3, one of the seven oil wells on BP's Magnus North Sea platform. A computer spots the trouble at 11.10 am during one of its regular scans of thousands of mechanical operations. The computer, programmed to act unilaterally when a potentially dangerous flaw occurs, brings all production to a brutal halt. Pneumatic rams choke off the 83 barrels of oil a minute gushing from 9,500 feet below the sea bed at 3,000 pounds per square inch pressure.

Like falling dominoes, the rest of the system shuts down. The shortfall of oil in the separation tanks trips a safety switch and closes down the system extracting gas. Huge pumps pushing oil into the pipeline destined for the mainland shudder to a halt before they can destroy themselves by running dry.

About 125 miles north east of Shetland and seven floors up, red lights sweep around the mural of the production system in the control room of the Magnus platform recording each stage of the shutdown. Individual machine monitors also turn to red before the men in the control room know what the cause is.

Machine has acted and man reacts on the North Sea's most northerly oil platform. The control room supervisors work quickly to isolate the fault and restore production. The atmosphere is calm but the jokes are more of the nervous kind, like those you share with a neighbour on a rough flight.

"Ah shaddap." A persistent alarm buzzer provokes someone to aim a punch at the silencer button. The room crowds as maintenance men join the wait to find out the cause of the trouble. A poster on the wall says, "No breaking wind."

John Kay, a production supervisor in the control room, works his way through a yard of diagnostic computer print out looking for the flaw. By 11.20 Mike Jones, the maintenance manager, reports the faulty solenoid activating the controls on a wing valve at B-3.

The control room moves to restart production of the other wells, boosting the output of six while the valve on the seventh is repaired. A mechanic has come in to await instructions. Despite the emergency he has kept to the rules and removed his oily boots.

By 11.50 crude oil will be coursing back through Magnus at the rate of 85,000 barrels a day. By the end of the day it will probably be back to its normal 120,000 barrels production.

For about 20 minutes the essential business of a £1.3bn metal island—five acres of machinery stacked on top of each other in just over an acre — is stopped. It goes to show how the difficulties which have been part of the North Sea adventure now verge on the routine—10 years ago this week since production began.

Ten years of production offshore and there is confidence in the ability to face the fierce conditions of the North Sea and the problems, not to say the hazards, of oil production. Time and a total investment of over £30bn in the North Sea have produced unique machinery and the highest levels of sophistication in extracting oil and gas from about 40 multi-million-pound platforms offshore.

Those ten years have spawned a technologically-minded oilman, but one reluctant to trust untried equipment which might let him down miles away from shore. There are now more brains and less brawn. If the North Sea was once a hairy-chested place, time and experience have mellowed the offshore man. He is now a production man wanting a steady job not a cowboy out for a thrill on the high seas.

There are also fewer stetsons and American accents. Americans came with their machines in the early 1970s to get Britain self sufficiency in a hurry, but Britons now make up nearly all the 23,000 offshore workers and hold all but a few of the total of 80,000 to 100,000 jobs this industry has created.

What is more there are women in this supposedly macho world. For example, Kathy Elliott, 23, is an assistant petroleum engineer on Magnus and one of a small but growing band of women able to take on most platform jobs. She is accepted more than resented.

If you reckon on a cost of £2,500 for every minute of lost oil production on Magnus, Luke Lewis, the man in charge, might be on his way to joining the millionaire's club. That is a standard offshore taste aimed at offshore installation managers (OIM) such as Lewis for the amounts of infamous "downtime" they have encountered on duty.

Lewis, a Welshman with a strong line in offshore anecdotes, is in his office on the eighth floor of the platform tidying up his papers and filling in the daily log required by the Department of Energy when the control room telephones through the news of the shutdown.

He could have done without that—at 13.30 the helicopter from Aberdeen will bring in his relief and he will be off for two weeks, starting with a round of golf in Ayrshire.

The valve problem is largely sorting itself out, but there will barely be time for a briefing on the stairs with his replacement as Lewis climbs up to the helipad with the 13 other passengers, dressed in their rubberised survival suits and clutching thick paperback books to read on the flight home.

A good tailwind will keep the flight under two hours: bad weather and there could be a stopover at Shetland and more time listening through headphones to big band music from a cassette gone wobbly with the thumps of helicopter traffic.

Until then few problems had plagued Lewis's two weeks on duty. The regular 1800 hours conference of managers overseeing production, maintenance, logistics and crew the night before had debated whether a section of pipe was corroded or eroded. A new well being drilled from the platform had gone off course so that the drill bit two and a-half miles away underground was running nearly at right angles to Magnus. Engineers in Aberdeen have decided the drill will have to be pulled out and cement poured in the hundreds of feet of the hole where it went wrong. Then drilling can start again using a special drill bit to resume the downward direction.

Here is one of the bigger lessons learned offshore — well deviation.

"Wells drilled 10 years ago would go like spaghetti down below. Now we can send them where we want them," says Lewis. The wells flower out from the seabed 600 feet below Magnus to tap the best points of the elongated 10-mile long reservoir and its estimated 565m recoverable barrels of oil. Water will be injected to keep up the pressure in the reservoir but only 45 per cent of all the oil there can be tapped. Seven remote satellite wells are linked to the platform by pipeline.

Navigation instruments can be lowered down the drill hole to determine its position and recently Measurement While Drilling (MWD) has been introduced to save hours or even days pulling out the miles of drill pipe to take a position reading. Signals can be fed through the special mud encasing the drill and its position determined by analysing the signals returning from the drill bit.

The controlled violence of the drill room floor has changed too. The mud, the screaming winch machinery, and burly men splattered with oil are still there with their giant mechanical wrenches to screw or detach drillpipe.

But today the drillpipe is turned by big power swivels at the top of the drilling derrick which can handle three lengths of pipe at a time. Older platforms are powered by a rotary table on the drillroom floor which handles drillpipe length by length.

Controls, too, have altered radically since BP's Forties field went into production ten years ago. The first platforms have several control rooms placed near each part of the production process. Computers and sensors today allow central monitoring of the entire production from one room. But even on Magnus computer monitoring has a "hard-wired" old-fashioned back-up system to spot failures.

While this is among the North Sea's most hi-technology platforms, its computer system has already been overtaken by developments since production started in 1983. Computers aboard the Conoco's advanced tension leg platform about 30 miles to the south of Magnus go a step further to isolate troubles, suggest remedies and organise the return to production.

At 18.00 the 12-hour shift ends and the other side of life offshore begins. There is time to kill for many, and eating is an important focal point. Indeed, there may have been more concern on Magnus that day about the shutdown of the soft ice cream machine in the canteen than the valve on B-3. It was a thermostat failure, according to Bill Joicey, the "camp boss" in charge of catering. He orders the machine to be stripped down.

Within six hours vanilla is back in production.

Joicey's canteen rapidly fills up with men in their slippers or running shoes. Curried spare ribs, poached cod, or steaks to order are on the menu. The camp boss produces photos of a Christmas spread with smoked salmon, suckling pig and lobster displayed with an opulence to rival the Dorchester.

He is trying out a new diet. Quite a few men offshore have a weight problem. The catering crew try to respond with lots of salads, and some crew make a point of using the stairs instead of the lift between the eight floors of the accommodation section of the platform or lifting weights in the small gym.

The offshore worker is still paid better than his onshore counterpart. Pay rates these days run from about £15,000 to £50,000 with an average of £20,000. But 10 years on the oil companies are said to be a bit tighter with their money when it comes to the frills offshore.

Many of the 240 on board Magnus have come from BP's Forties field many miles to the south. Forties was the pioneer after Hamilton Brothers' Argyll field platform and the move for these men is a big jump in technology. Some of them come originally from the navy or from oil installations onshore.

Living at close quarters, there is the inevitable friction. But Lewis can remember only two fist fights and they involved the same man, who was promptly sent back to the "beach" as the mainland is known.

Tracking in oil and dirt from the outside is the most common misdemeanor on Magnus. But dangerous short-cuts ignoring safety warnings or not studying a vital update report on work you are doing can also have you on the next chopper back.

Other projects now attract the oilmen's interests: a visiting speaker on rugby, a recital on an electronic organ brought out by helicopter and now an ancient motorcycle found at a farm near Aberdeen airport and being restored in Magnus's tool shop for an eventual charity drive.

Dinner is over. Peach pie has gone down well for dessert; there was also sillabub or fruit salad. Men drift off in small groups; some read in corners. Meals are the only time they are seen in large groups. The big accommodation section of the platform swallows everyone.

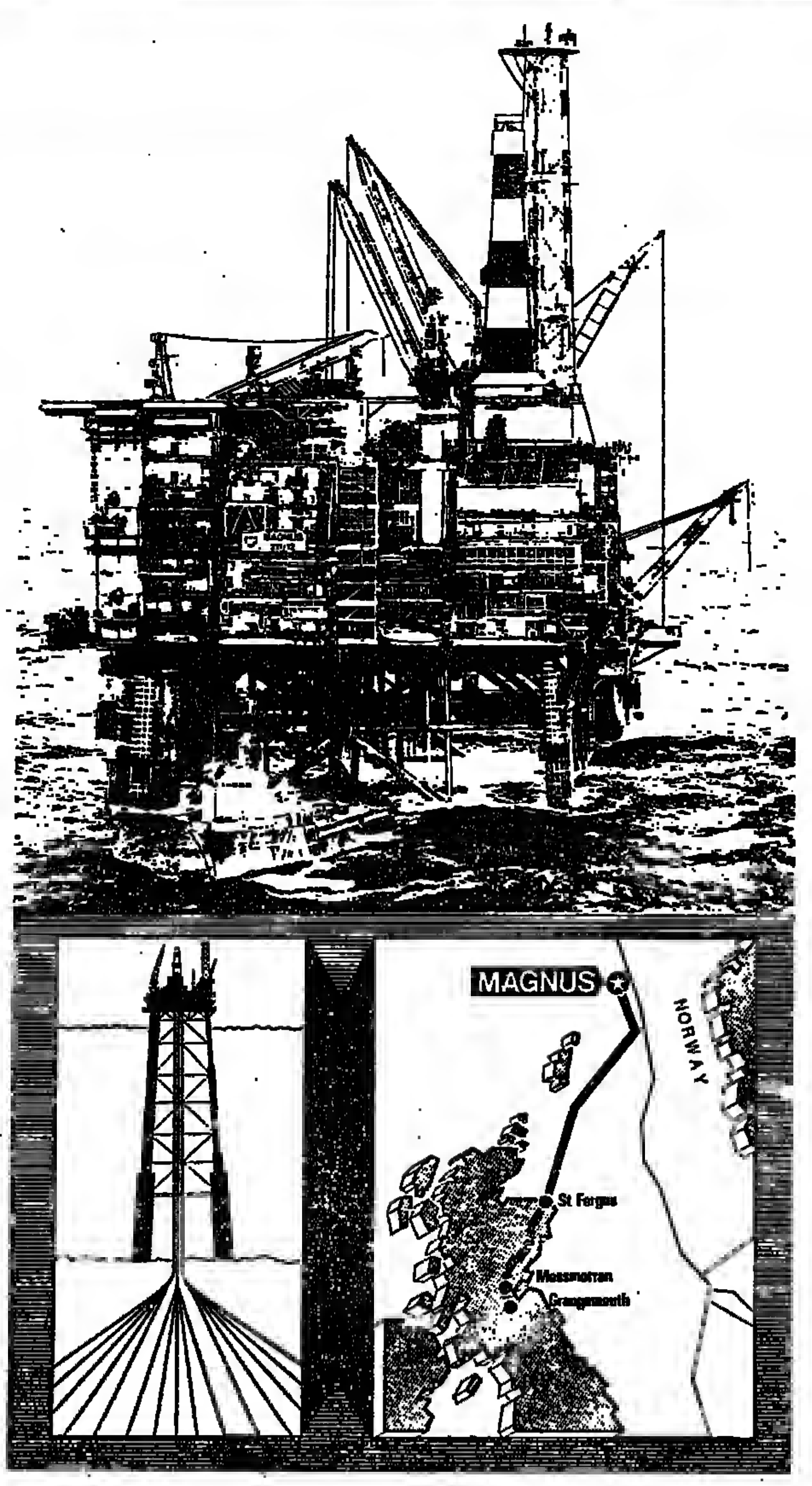
In the cinema "Ghostbusters" is showing. It is one of the week's four films. About 12 titles are available for a large screen video. A small reading library is changed every three months. There is smoking—cigarettes are duty free here above the 61st parallel in the North Sea. Alcohol, with the possible exception of a drink at the Christmas dinner, is strictly banned.

Some of the men return to their cabins below—two bunks with small bathroom and shower. Headphones offer piped radio or music. Television in each cabin picks up two satellite channels, one with feature films, the other with sport (there are complaints about too much American football). The dark room for photographers gets heavily booked as does the snooker table and the computer room.

A small queue forms outside a payphone next to the communications room. A call home will cost the same as it does from Aberdeen.

From the top of the platform near the helicopter pad the distant lights and flare stacks of other offshore platforms glow and blink on the horizon. The night is clear and this far north in June it will not get totally dark. Slowly circling the platform is Magnus's safety vessel, the Seagair, ready to take on evacuees in an emergency, fight a fire with its powerful hoses or see off ships which come too close. It is tedious work lurching about in all weather, protecting a mighty yet vulnerable object three times as tall as Big Ben.

Technical talk has only blunted, never destroyed, the romance of the North Sea. Jim Taylor, the safety man, moves between the "Christmas trees"—hunks of steel and valves at the well-head. He puts his hand on one. It is warm and throbs with the upward surge of oil.



Three faces of Magnus: the platform (top); the drillpipe (lower left); and the location in the East Shetland basin (lower right)

The long view

Wealth: some questions of real interest

The big change to which house prices are responding belatedly in this country is the huge jump in real interest rates which occurred in the U.S. in 1980-81 and in Britain rather later, says Anthony Harris

DID YOU hear the crack of doom last week?

Of course, the announcement from the Royal Institute of Chartered Surveyors that house prices have stopped rising could prove to be nothing more than a pause for breath; and Londoners, still profiting from gentrification and the great flight from commuting, are not yet experiencing even a pause. As an economist, though, I have to believe that that was the crack of doom, although Londoners may live a little longer in their fools' paradise.

Economic analysis, indeed, has been pointing to a break in house prices for some time, and setting off red alarms since the big jump in British interest rates last winter. The same kind of analysis, of course, has been pointing to a fall in the dollar for much longer, and has only recently begun to be justified; but economists are not easily discouraged by this kind of mistiming.

Indeed, the Deputy Governor of the Bank of England has told us to expect such delays in the fulfilment of forecasts. "My experience," he once said, "has taught me that short-run elasticities are always lower than you expect, but long run elasticities are usually higher."

Or in plain language, the ordinary non-economist in his daily business reacts to changed circumstances with what cartoonists call a double-take. Like Donald Duck walking over the edge of a cliff, he carries on for a period as if nothing had happened. Then, panic.

The big change to which house prices are belatedly responding in this country is the enormous jump in real interest rates which occurred in the U.S. in 1980-81, and in this country rather later. In the UK house market, it may only just have happened now.

Let me repeat that. Real interest rates in the British housing market may only just have risen—last week, in fact. Now this statement must look like sheer nonsense if you believe, as all too many financial comments suggest, that the real rate is simply the money rates minus the inflation rate.

That will do as a rather sloppy way in very general terms why historical statement, explaining sometimes pays companies (and individuals) to gear up, while at other times sound balance sheets are much more attractive than high gearing.

It is no use at all, on the other hand, as a definition for forecasting purposes. The real interest rate which influences business and personal decisions is not the difference between past inflation and current interest rates—the columnists' rule of thumb—but between *expected* inflation and *expected* interest rates, and net of tax at that. This definition is far less precise—it will differ for every market segment, and for different individuals within that segment—but it is far more suggestive.

The house market illustrates the difference quite beautifully. A few months ago, when mortgage rates were first raised to their present forbidding level, market surveys were still showing house prices rising at 8 per cent or so nationally, and 15 per cent in London.

Compared with those numbers, the net cost of housing finance, at about 10 per cent after tax relief (less for the rich) would not have been too inhibiting even if people expected it to stick there. But they didn't; the received wisdom was that the rise in rates was just a temporary blip to deal with sterling. Expected interest rates were still well below expected house price increases—a negative real rate, whatever the historic figures may tell you to the contrary.

In the succeeding months, however, we have all learned to be less optimistic about interest rates; and now the RICS tells us to be less optimistic about house prices, too. Indeed, if house prices have stalled in midsummer, near a peak in the equity market, and with personal incomes rising far too fast for the Chancellor's comfort, there must be some powerful bearish factors at large.

Only after this news, in short, and only among those alert enough to have pondered about it, have we reached a situation where expected mortgage costs exceed expected house price rises—a jump in real interest rates in the house market.

You may think that this is just a roundabout, academic way of stating the obvious—that bull markets encourage buying, and bear markets discourage it. However, financing costs—and their counterpart, investment returns—do have a pervasive influence, which is quite beautifully brought out by some figures for the U.S. circulated this week by Salmon Brothers.

The dates they have chosen really very neatly fit the pre- and post Volcker eras, allowing for the usual double-take. If we assume that by June 1980 investors really believed in the Volcker squeeze, we could forecast that all assets showing a money return would become more attractive, all those showing nil income would fade, and that those involving actual carrying costs (storage as well as finance) would be hit.

The table illustrates this quite sensationally, with oil, gold and silver going to the bottom of the league from the top, and financial assets moving the other way. Collectables simply stopped in their tracks in money terms—but the value of money went on falling.

Our own experience would look very different, because of course the prices of commodities and collectibles are set in the dollar market, and the dollar rose spectacularly in the Volcker era; but if that rise is now over, and due for correction, British trends should lead in the direction suggested by the table.

The house market is, of course, a purely domestic affair, but even here U.S. experience is suggestive: a rotten performance since interest rates were perceived as high. So unless you believe that rates are going to fall rapidly, despite monetary overshoot, despite deregulation, and despite what a weak oil price and falling North Sea production imply for sterling, heed the gipsy's warning.

THE U.S. STORY

Asset	Compound return % (June to June) 1970-1980	1980-1985
Oil	34.7	−5.4
Gold	31.6	−11
Silver	23.7	−15.9
Stamps	21.3	0.1
Ceramics	21.6	1.0
Old masters	13.1	1.5
Houses	10.2	4.3
T-bills	7.7	12.0
Bonds	6.6	13.2
Stocks	6.1	15.2
INFLATION	7.7	5.7

•CONTENTS•

· MARKETS ·

Excitement at t'mill as top textile talents unite

A TAKEOVER of Nottingham Manufacturing by Vantona Viyella is just the sort of deal that observers of the textile industry have dreamt about. It would bring together the talents of two of the sector's ablest leaders—Harry Djanogly of Nottingham and David Alliance of Vantona—to create one of the most dynamic textile groups in the UK.

Yet, until first thing on Monday morning, when both companies called for a suspension of share trading, the takeover musings seemed no more than dreaming an impossible dream.

With justification the City was convinced that Nottingham was not up for sale with Mr Djanogly determinedly paddling his own canoe.

So news that Nottingham had agreed to a merger with Vantona, to be conducted by a takeover by Vantona offering three of its shares for every four Nottingham, was greeted by stunned surprise quickly followed by real excitement.

The logic of the £350m merger is inescapable: the two groups fit together like a jigsaw. Nottingham is deeply committed to knitwear, has a cash pile of £90m and a reputation for efficiency which is second to none. Its shortcomings are that it is underweight in well-known brand names and has not achieved economies of scale in all its product areas.

Vantona, on the other hand, is more exposed to household textiles, has a reputation for aggressive and entrepreneurial management and enjoys the benefit of some very well-known brands. Its weak points are that it lacks the range of Nottingham and does not enjoy strong liquid resources.

Nottingham and Vantona together produce a group marketing a comprehensive spread of products across the UK with a strong cash position of around £70m and a capable management team. From that base the enlarged group is much better placed to tackle overseas markets, either by export or from a non-UK manufacturing base.

There is one potential problem for this merger, however, which could seriously undermine its success. Two very dominant and highly individual characters are coming together under one roof. As the deal is presented Mr Djanogly will concentrate on running the operations while Mr Alliance will take on the role as strategist, guiding future developments. Both are ideally suited to the respective roles but the open question is whether they can resist stepping over into each other's territories.

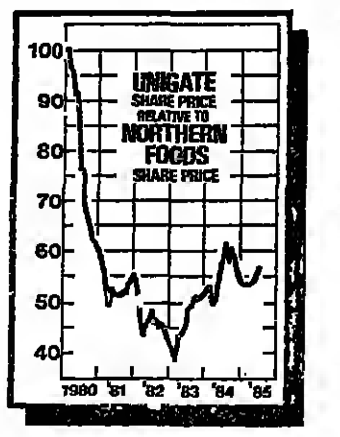
Among the rush of results from the food sector this week came the full year profits from Northern Foods and its southern-based rival, Unigate. In what Northern's management describes as the most difficult trading conditions for a decade, reported pre-tax profits came out just ahead at £55.4m against £53.3m. Unigate, despite the problems of the dairy and meat sectors throughout the UK, pushed its profits up by 11 per cent to £63.3m.

Northern, however, should be able to close the gap with Unigate and it would be no surprise to see both companies reporting profits of around £73m to £74m pre-tax in a year's time.

London

Historically the market has not rated Unigate very highly. Brokers are not impressed by its management, a view they feel is reinforced by the rapid turnover of senior people. And there is also a degree of City disquiet about the group's direction. The increased commitment to poultry, with the J. P. Wood acquisition, may have seemed timely but white meat is a notoriously cyclical product in terms of profit, even if people are eating more.

To give credit where it is due, however, Unigate's milk division held its profits last year while Northern's declined under margin pressures caused by the staggering of the wholesale and retail price rises. Unigate does appear to be getting better at its dairy business with successful products such as Shape and Gold, while earlier capital investment is paying dividends in efficiency gains.



So while Unigate comes across as capable of an extra £10m or so of profit this year, with the help of a settled milk market, prospects are not good enough to justify even an average rating in the sector, according to the market. That judgment looks a bit mean. The shares may well continue to trail behind the leaders but a yield of nearly 8 per cent — three points above the sector norm—looks too good to leave the shares where they are.

Northern too has suffered from an image problem over the last couple of years and its shares have underperformed. That reaction has been caused partly by the unavoidable pressures facing all the companies in the dairy and meat businesses. The price has also weakened because of the badly judged Bluebird acquisition in the U.S. which has taken considerable management effort since the 1979 purchase to get right.

But Bluebird has been sorted out and the current spate of acquisitions suggests the management is back on the offensive. It has bought the north of England Express Dairy operation from Grand Metropolitan for £51m and last week took Bowyers off Unigate's hands. The brewery interests were sold to Mansfield Brewery for £42m.

The market is convinced that Northern's able management will be able to sweat good returns from the latest purchases and with a stable dairy market, profits could rise by about a third.

That ideal of above average growth is attracting investors again after the years of relative stagnation. Although the shares already stand at a modest premium to the average for large food groups, the p/e could travel higher before the price catches up with Northern's prospects.

Apart from reacting to specific corporate events, the market has maintained its despondent mood throughout most of the week. Share prices tried to regain some lost ground for the first couple of days but they were soon in retreat again.

Yet in a dull week there was one bright spot—the first dealings in Abbey Life. The stags had a field day with the premium reaching 55p over the 180p offer price at one stage.

As the shares in the biggest offer for sale from the private sector got off to a rip roaring start, shares of British Telecom, which holds pride of place as the largest offer for sale ever to come to the London market, reflected a distinct lack of enthusiasm for the utility's first set of full year figures.

BT closed its books on full year pre-tax profits of £1.48bn, some £130m more than forecast in the privatisation prospectus last year. On the group's own arithmetic that represents a growth rate of 24 per cent. The end result was right in line with expectations—BT could hardly afford to disappoint investors ahead of the 40p call on the shares next Monday.

So it is a mite surprising for small shareholders that the shares weakened after the announcement. Evidently some of the City's projections for the current year had run ahead of events and the slip in the price reflected the cuts brokers were making to their forecasts for 1985-86. It now looks as if profits could come out around £1.8bn pre-tax.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985 High	1985 Low	
FT Ordinary Index	963.2	−15.9	1,024.5	928.7	Cash shortages make for dull tone
Abbey Life	227	+47†	235	227	Highly successful market debut
Aust. Cons. Minerals	67	+ 8	93	28½	Encouraging drilling report
BSR International	50	−18	167	48	Persistent small selling
Bell (Arthur)	250	−13	273	130	Follows rejection of Guinness bid
Brammer	297	−41	405	280	Bunzl bid lapses
Caledonian Offshore	530	−150	695	185	Fading bid hopes
Distillers	298	+13	321	275	Broker's bullish circular
Gem Expln and Minerals	66	+22	66	24	Speculative buying
Hampton Areas	145	−25	215	143	Colorado gold problems/figures June 25
Jackson Exploration	30	−30	101	30	Dry well in Indonesia
Northern Foods	248	+16	252	204	Good preliminary figures
Nottingham Mfg	262	+40	276	198	Merger with Vantona Viyella
Sharpe (Charles)	385	+115	410	208	Bid approach
Unigate	173	+11	178	141	Excellent annual results
United Wire	200	+20	210	110	Agreed bid from Scapa
Vantona Viyella	364	+30	372	266	Merger with Nottingham Manufacturing
Vectis Stone	61	+21	61	27	Bid approach
Westland	78	−48	151	60	Bristow Rotocraft bid lapses

† Based on offer-for-sale price

A brew with lots of bubble

USM ADVISORS outnumbered companies by about 10 to one among the exhibitors at this year's USM exhibition, which started yesterday and continues today at the Royal Garden Hotel in Kensington. That ratio would have been larger still had it not been for the brewers, who lent support right from the opening speech by Jeremy Pope of Eldridge Pope to the 90 cases of ciders and wines supplied by Merrydown Wine for refreshment throughout.

Midsummer Inns, which was also exhibiting, decided not to offer its real ale to passers-by, choosing instead to display plain photographs of its pubs and discos. The company has changed radically since it came to market in 1981: and the new chairman, Adam Page, was viewing the exhibition as an opportunity to reintroduce Midsummer Inns as a new company.

Midsummer Inns has had a tumultuous time since joining the USM. The present directors gained control last summer in a ferocious battle that had the then chairman claiming the bidders knew nothing about the traditional real ale pubs run by Midsummer, and were acquainted only with "fun pubs." He accused them of simply wanting to get a USM quote on the cheap, and said to his shareholders: "Goodness knows what changes they will make if they get control."

The first thing they did was to threaten to sue the old directors when the company turned in profits of about half the forecast made during the battle.

The next move by Page and his partner, Paul Reece, was to reverse their own interests into the company, which included discos, pubs, a restaurant and a shopfitter. The new Midsummer, now about twice its old size, is only half-dependent on pubs and already makes more money.

Page does not mince his words when describing the change. "The management was just playing at it," he explains. "The pubs are good, but the overheads were much too high." Page and Reece immediately closed the old Cambridge headquarters, and gained a tighter grip on overheads. They deny they have turned the pubs into "fun pubs," say they continue to serve real ale, and still insist that all their pubs must have some idiosyncratic traditional features.

Having built up their ownership of pubs and discos from nothing in March last year to 29 now, Page and Reece see no

Unlisted Securities Market

reason to sit back. Part of the point of presenting themselves at the USM exhibition was that people would know they are looking actively for new acquisitions.

"The company we want to be compared with is Inn Leisure," says Page. "We are more broadly based, and we will be able to demonstrate that our growth prospects are better than theirs."

The market does not appear to agree. After a recent one-for-one share split, Midsummer shares at 155p compare with the 215p that Page and Reece paid last year, and are on a prospective earnings multiple of about 13, against Inn Leisure's 19.

Inn Leisure's interim results, announced this week, showed that its growth continues; and having increased to 35 its number of dark-wood beamed pubs and wine bars, it is now one of the largest independent chains in the country.

Midsummer lacks Inn Leisure's track record, and it may take at least another year before shareholders can feel convinced that its formula is a winner. But, in the end, investors may harbour similar misgivings about attaching premium ratings to either company—once existing units are operating profitably, future growth is going to have to come solely through acquisition.

The sector gained a new member this week as Heavitree was introduced to the USM from the old Rule 535. Heavitree's origins go back to 1790, making it the USM's oldest company. At first sight the company does not look one of the USM's more exciting entrants, as it has shrunk in real terms since the 1950s and is coming to market apparently without any new ideas for growth.

The company ceased to be a brewer many years ago, but seems now to have bypassed the most profitable end of the pub business which both Midsummer and Inn Leisure have identified to their advantage. Heavitree leases its pubs and therefore stands to get nothing from the boom in pub sales of food, which is going straight into the pockets of its tenant publicans.

There are, however, two things that stand out about Heavitree. The first is its price. At about 440p, up from the last price of 360p under rule 535, the shares are on an extraordinarily high historic earnings ratio of about 24. With no take-over in prospect, the price is a mystery and does not seem satisfactorily explained by the fact that the shares are very tightly held.

The second odd feature is Heavitree's flock of sheep. In its latest annual report, routine comments on the progress of its Buccaneer Inns are followed, under the title "Sheep," by the intriguing statement: "Another excellent lambing result was achieved by Mr and Mrs Allen, 249 per cent live births."

Lucy Kellaway

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Allied Textile	468	410	430	42.45	London & Midlnd
Applied Botanics	1§§§	1¾	4¼	0.86	REA Hldgs
Bell (Arthur)	229	250	193	302.85	Guinness
Capital & Cnties	225*	215	195	121.39	Transatlantic Ins
Carr (John)	95§§	95	88	51.25	Rugby Prtld Cmnt
Cartwright R.	181§§	172	163	12.14	Newman Tonks
Cole Group	187‡§§	190	122	5.15	Bios (Robert)
Debenhams	328§§	382	327	459.53	Burton Group
Energy Services	111§	112	97	35.53	Brammer
Gill & Duffus	178§§	173	190	117.67	Dalgety
Higsons Brewery	253§§	235	226	26.62	Boddingtons
Mebon	135*	120	74‡‡	6.76	BP
MFI	274	270	258	539.75	Assoc Dairies
Muirhead¶	164.5†	158	148	14.01	RHP
Nottingham Man	273	262	233††	312.59	Vantona Viyella
Petrolex	89§§	80	81	13.90	Aran Energy
Petrolex	63	80	81	9.84	Saxon Oil
Planet Group¶	110	106	85††	11.01	Heywd Williams
Ryfrd Supreme	337	335	290	19.71	Hrrs Queensway
Resource Tech	52‡*	50	40	6.94	Inspectrate Intl SA
Selincourt	36‡	29‡	28	18.90	Stormgard
Solicitors Law	39‡	39	37	4.55	Hollis Bros
Solicitors Law	35*§	39	41	4.03	Pergamon
Times Veneer	20*§	38	49	1.61	CH Hldgs
Trident Computer	82	75	70	2.05	Park Place
United Wire	209§§	200	193	16.98	Scapa
Yorkgreen	13½	10	10	1.48	Talbex Group

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on June 21 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. |||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Alphameric	Mar	1,310	(857)	5.2	(4.0)	—	(—)
Alpine Soft Drnks	Mar	272L	(799)L	—	(—)	1.2	(1.2)
Avana Group	Mar	19,510	(17,340)	32.7	(30.1)	11.25	(9.38)
Barker & Dobson	Mar	2,800L	(1,700)	—	(0.9)	0.1	(0.25)
Berkeley Group	Apr	3,230	(1,528)	12.8	(10.0)	3.6	(—)
Bisichi Tin	Dec	66	(85)	0.8	(1.1)	0.65	(0.66)
British Land	Mar	11,800	(9,000)	10.1	(8.1)	2.5	(2.0)
Brit Tar Prod	Mar	2,500	(1,870)	7.1	(6.6)	3.5	(3.0)
BT	Mar	1,480,000	(1,194,584)	15.1	(—)	3.9	(—)
Cape Ind	Mar†	4,490	(4,880)	—	(—)	—	(5.5)
Centrovincial Est	Mar	2,710	(3,220)	—	(—)	6.0	(6.0)
Chmbrlain Phipps	Mar	5,640	(4,840)	7.8	(12.0)	3.85	(3.6)
Chloride	Mar	14,200	(14,000)	—	(0.5)	—	(—)
Cohen, A.	Dec	2,420	(2,590)	—	(—)	10.8	(9.8)
Cont Stationery	Mar	51L	(43)	—	(1.5)	1.3	(1.4)
Corning	Dec	5,130	(2,930)	—	(—)	—	(—)
Courts (Furn)	Mar	11,250	(9,868)	17.4	(16.9)	4.7	(4.7)
Davis, Godfrey	Mar	3,750	(3,250)	11.7	(11.9)	4.5	(4.0)
Dawson Intl	Mar	35,120	(25,250)	23.4	(19.8)	8.2	(7.3)
Erskine House	Mar	1,830	(1,090)	7.8	(5.4)	2.5	(1.5)
Euston Cntre Prop	Mar	7,360	(6,200)	—	(—)	—	(—)
Fitch Lovell	Apr	16,310	(16,140)	—	(—)	9.7	(9.2)
Forshaws Burton	Mar	2,800	(2,360)	54.4	(44.2)	10.0	(9.09)
GEI Intl	Mar	4,270	(3,100)	7.3	(5.8)	5.85	(5.32)
Gt Portland Est	Mar	16,780	(15,040)	6.8	(6.1)	6.0	(5.5)
Headlam Sims	Jan	109L	(306)	—	(—)	1.0	(3.0)
Jones, Evelyn	Mar	341	(321)	—	(—)	3.5	(3.5)
Leigh Interests	Mar	1,130	(671)	—	(—)	3.0	(2.0)
LRC Intl	Mar	18,810	(15,020)	9.5	(9.2)	3.9	(3.5)
Mansfield Brew	Mar	7,800	(8,400)	29.0	(34.9)	8.25	(8.0)
Marshalls Halifax	Mar	6,000	(5,100)	29.0	(28.7)	9.0	(8.0)
Meyer Intl	Mar	30,320	(32,740)	—	(—)	5.25	(4.75)
Mitchell Somers	Mar	1,560	(1,030)	6.3	(5.2)	3.25	(3.25)
Mountview Est	Mar	4,380	(4,280)	48.1	(42.8)	4.5	(4.5)
Northern Food	Mar	55,400	(53,300)	19.3	(18.7)	7.25	(6.75)
Oceana	Mar	35	(53)	4.6	(6.6)	3.9	(2.0)
Oxford Inst	Mar	9,160	(6,140)	12.2	(9.1)	1.2	(1.0)
PCT Group	Dec	501	(938)	8.3	(12.8)	3.2	(4.8)
Platon Intl	Mar	440	(394)	12.2	(9.2)	2.8	(0.58)
Powell Duffryn	Mar	20,630	(18,310)	24.8	(23.7)	14.0	(10.67)
Prop Partnership	Mar	1,120	(978)	—	(—)	7.8	(7.0)
Reed Publishing	Mar	40,300	(42,700)	20.6	(16.2)	—	(—)
Scapa Group	Mar	27,700	(18,900)	44.3	(32.6)	11.0	(9.15)
Steinberg Group	Mar	2,040	(3,110)	8.8	(14.1)	2.2	(2.2)
Swan, J. & Sons	Apr	139	(151)	—	(—)	8.5	(8.5)
Unigate	Mar	63,300	(57,100)	18.3	(18.5)	8.2	(7.5)
Waddington, J.	Mar	5,700	(3,370)	57.6	(44.0)	24.0	(16.0)
Whittington Eng	Mar	100	(87)	9.5	(5.2)	4.4	(4.4)
Wigfall, Henry	Mar	62L	(35)	—	(0.7)	—	(—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Anglia TV	Apr	1,540	(2,730)	3.0	(3.0)
Ass Energy Serv	Mar	290	(233)	—	(—)
Berisford, S. & W.	Mar	29,040	(41,560)	3.5	(3.5)
Bett Bros	Feb	800	(1,330)	1.2	(1.2)
Countryside Prop	Mar	859	(563)	2.03	(1.82)
Energy Capital	Sept	22L	(6)L	—	(—)
Fenner, J. H.	Mar	643	(2,040)	3.0	(2.0)
Flexello Castors	Mar	384	(411)	1.2	(1.0)
Horne, R.	Mar	4,260	(2,690)	1.25	(1.0)
Inn Leisure	Mar	711	(366)	—	(—)
Kenning Est	Mar	333	(522)	—	(—)
Kenning Motor	Mar	4,880	(1,810)	2.5	(2.5)
Lee, Arthur	Mar	1,840	(369)	0.6	(0.5)
Rayford Sup	Mar	1,240	(1,260)	1.75	(1.75)
Tomkinsons	Mar	502	(72)	—	(—)
Watson & Philip	Apr	458	(353)	1.7	(1.5)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share except where otherwise indicated. † For five months. L Loss.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Appletree—USM placing of 1.5m shares at 138p.

Baillie Gifford Shin Nippon—Offer for subscription of up to 16m shares at 50p.

Blanchards—USM placing of 1.6m shares at 75p.

Kalon—Placing of 10m shares at 30p.

SCRIP ISSUES

Davis, Godfrey—One for five.

Dawson International—One for two.

Marshalls Halifax—One for one.

Property Partnerships—One for two.

RIGHTS ISSUES

CH Industrials—To raise £6m through a rights issue of 7 per cent convertible cumulative preference shares at 100p on the basis of two convertible shares for every seven ordinary shares held.

Juliana's Holdings—To raise £7m through a rights issue of 7½ per cent convertible unsecured loan stock 2000-03 on basis of £4 nominal for every nine ordinary shares held. The bonds are issued at par.

Sunlight Services—To raise £7.7m through a one for four rights issue at 180p.

ISSUE NEWS

Hazlewood Foods—To raise £20.5m through a one for four rights issue at 210p.

London United Investments—To raise £7.07 through a one for four at 350p.

C&W gets boost from Far East

CABLE & WIRELESS, the international telecommunications group, is expected to report pre-tax profits of £240m for the year to March. A strong contribution from Hong Kong should more than offset the effect of high capital spending in both the U.S. and the UK.

In the UK, Mercury seems certain to be still in the red. Although the company's basic network is now in place at least another £120m will have to be spent on it and more customers found before it starts contributing positively.

On the other side of the Atlantic the Federal Communications Commission decided last month to allow Tele-Optik, a joint-venture between C & W and a group of U.S. investors led by E. F. Hutton, to install the first private telephone cables between the U.S. and the UK. This was the green light for laying two cables across the world's busiest intercontinental route for a total cost estimated at $600m.

There is, however, some concern that the recent round of transatlantic tariff cuts could make achieving a good return on such large investments uncertain. Both British Telecom and AT & T have cut their transatlantic rates making it harder for a newcomer to enter. But for the multinational seeking a private and secure communication system the Tele-Optik routes remain very attractive.

RACAL has already drawn attention to a poor second half performance—and did so loudly enough to get 25 per cent wiped off the share price in two days in late January.

The market is not expecting the civil and defence electronics group to do much better than £125m pre-tax for the year to March as a result—only 5 per cent up on last year's figure.

One of the main concerns is the impact of the margin squeeze in the U.S. data communications business on the group's biggest division—sales increases could be more modest than forecast and net margins down. Defence or at least Racal-Decca should give good support, however, with sales of over £100m and margins of over 15 per cent. Radio Communications, which centres on the tactical radio, seems rather unpredictable with the oil states buying less and Iran and Iraq officially at least beyond the pale.

At FERRANTI pre-tax profits of £47m (against £38.8m) are

Results due next week

in prospect. Earnings per share have been static for three years and the shift towards non-Ministry of Defence (that is lower margin) work has not been encouraging.

The impact of the recession in the world semiconductor industry on the company as well as the lower rate of growth at the Scottish Group which is defence centred (and traditionally contributes half of group profits) are two factors likely to have held profits growth.

Rising hotel occupancy rates in the UK brought a record result for Trust House Forte, Britain's biggest hotelier, in 1983-84 and have continued to climb since. At first sight, then, there is the prospect of an upsurge in the group's first-half results, due on Thursday.

However, there is concern over the prospect of a big rise in interest charges since more than 70 per cent of THF's borrowings are in U.S. dollars. U.S. interest rates may have eased but the average exchange rate of the pound in the first half of 1984-85 was $1.16 against $1.44 in the first half of 1983-84, making the U.S. debt that much more expensive to service in sterling terms.

Nevertheless, these difficulties are likely to have been more than outweighed by booming business at THF's 200 UK hotels, and other areas of activity such as motorway services and in-flight catering are also trading well. City expectations of a 19 per cent increase in pre-tax profits to £40m (including £9.6m of property disposals) therefore appear reasonable.

MERCURY SECURITIES, whose main activities are corporate finance, investment management and merchant banking (it is the parent company of S. G. Warburg), is thought to have performed well on all three fronts. After-tax profits of £34m against the previous year's £20.8m are expected to be announced on Tuesday, producing a dividend, if kept four times covered as is customary, of 13p against 11.5p.

The company's forthcoming margar with Akroyd and Smithers, Rowe and Pitman and Mullens will see Mercury moving from its position of being in a fairly risk-averse business to one in which it is to become a more active principal in the market-place. The ramifications of the move may, however, have left investors too bamboozled or just plain scared to invest.

Still in the banking sector, the dominating influence on HAMBROS BANK'S result, due on Tuesday, will be the sale last year of its remaining 25 per cent stake in Hambro Life for £123m. There is a feeling that the return on that cash will not quite match up to the Hambro Life profits that have been sacrificed; but on the other hand, the loss-making oil and gas activities which hit the interim result have been sold and the business is thought to have performed well otherwise. After-tax profits of £13m against £10.2m are likely, producing a dividend of 6.5p against 5.8p.

Terry Povey
Richard Tompkins

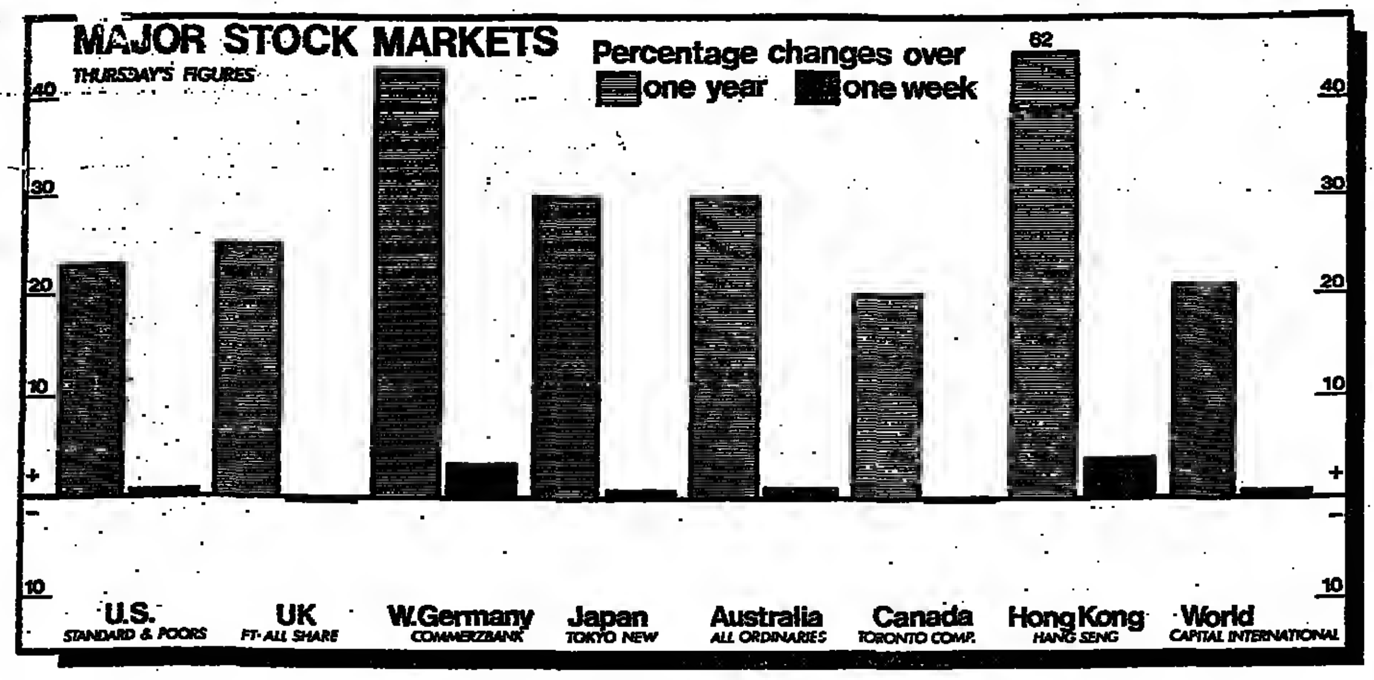
Company	Announcement due	Dividend (p)* Last year Int.	Final	This year int.
FINAL DIVIDENDS				
Allied Colloids	Thursday	0.5	1.4	0.7
Anchor International Fund	Tuesday‡	0.0795	0.1071	0.0887
Arial Industries	Wednesday	—	—	—
Barton Group	Monday	1.0	1.4	—
Booth, John and Sons (Bolton)	Wednesday	—	2.0	—
BPA Industries	Wednesday	2.8	4.2	—
Braithwaite and Co. Engineers	Wednesday	4.0	6.1	4.0
Brickhouse Dudley	Wednesday	0.95	2.25	—
Brown and Tawse	Monday	1.2	3.8	2.0
Cable and Wireless	Wednesday	2.4	4.1	2.9
Country Gentlemen's Association	Wednesday	—	11.0	—
Cropper, James	Monday	0.8	1.4	0.8
Dwek Group	Friday	—	—	—
Electric and Genl. Invest. Company	Thursday	1.35	1.8	1.55
E.R.F. Holdings	Thursday	—	—	—
Estates and Agency Holdings	Friday	—	3.0	—
Fashion and General Investment	Monday	5.0	4.4	6.0
Ferranti	Wednesday	2.2	4.4	0.52
Grampian Television	Thursday	0.4	1.1	0.43333
Halma	Tuesday	0.606	0.972	0.727
Hambros	Tuesday	15.25	42.75	20.0
Hampton Gold Mining Areas	Wednesday	1.0	2.75	1.0
Hargreaves Group	Tuesday	1.75	2.25	2.0
Health Care Services	Monday	—	—	—
Henriques, Arthur	Wednesday	0.5	—	—
Hoga Robinson	Wednesday	3.3	3.45	3.8
Imperial Continental Gas Association	Thursday	4.0	8.5	5.25
Kleen-e-ze Holdings	Thursday	1.0	4.0	1.0
Latham, James	Thursday	4.25	7.5	5.0
Lawns Group	Monday	—	30.0	—
London Investment Trust	Tuesday	0.405	0.658	0.441
Mercury Securities	Tuesday	—	11.5	—
M.K. Electric Group	Thursday	3.2	6.2	3.4
Old Court Currency Fund	Monday	—	—	—
Parrish, J. T.	Thursday	—	—	—
Pelbow Holdings	Tuesday	—	1.0	—
Racal Electronics	Thursday	—	—	—
RFD Group	Monday	—	—	—
Scantronic Holdings	Thursday	0.73	2.18	0.7695
Shaw Carpets	Tuesday	0.924	2.464	1.015
Stonehill Holdings	Tuesday	1.0	1.5	1.0
Textured Jersey	Monday	1.0	2.0	1.0
Thermal Scientific	Friday	1.75	2.25	1.75
Toshiba Corporation	Monday	—	1.5	—
Volex Group	Thursday†	3.5	4.0	4.0
West's Group International	Thursday	1.3	3.7	—
Whitecroft	Thursday	2.0	4.8	2.3
INTERIM DIVIDENDS				
Allied Textile Companies	Monday	2.56364	4.87273	
Baynes, Charles	Friday	0.5	1.75	
Carroll Industries	Monday	1.3	3.7	
Crest Nicholson	Tuesday	1.25	2.5	
First National Finance Corporation	Thursday	—	—	
First National Securities (Holdings)	Wednesday	—	—	
Greenwich Cable Communications	Thursday	—	—	
Hardys and Hansons	Wednesday	4.5	10.4	
Jones, Ernest (Jewellers)	Tuesday	1.4	2.5	
Morceau Holdings	Wednesday	0.5	1.0	
Nash Industries	Monday	1.5	1.0	
Standard Securities	Monday	1.15	2.5	
Throgmorton Trust	Friday	2.75	4.75	
Trusthouse Forte	Thursday	1.125	3.515	
Usdown Investment Company	Thursday	—	3.7	
Walker and Staff Holdings	Thursday	—	1.66	
Whatway Watson Holdings	Thursday	—	—	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Yen per share. ‡ US$ per share.

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	7.00	7.12	5.59	4.07	half yearly	1	—	0-7
High interest cheque	9.00	9.31	7.32	5.32	quarterly	1	2,500 min.	0
3-month term	8.56	8.84	6.95	5.05	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	8.25	8.42	6.62	4.81	half yearly	1	1-250,000	0
High interest access	9.75	9.75	7.66	5.57	yearly	1	500 min.	0
90 day	10.75	11.04	8.67	6.31	half yearly	1	500 min.	90
Premium	10.60	11.03	8.67	6.30	quarterly	1	10,000 min.	90
NATIONAL SAVINGS								
Investment account	12.75	8.93	7.01	5.10	yearly	2	5-50,000	30
Income bonds	13.25	9.86	7.75	5.63	monthly	2	2,000-50,000	90
30th issue‡	8.85	8.85	8.85	8.85	not applicable	3	25-5,000	8
Yearly plan	9.28	9.28	9.28	9.28	not applicable	3	20-100/month	14
General extension	9.51	9.51	9.51	9.51	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	9.49	9.72	7.63	5.55	half yearly	1	2,500 min.	7
Schroder Wagg	9.04	9.42	7.40	5.33	monthly	1	2,500 min.	0
Provincial Trust	9.53	9.96	7.82	5.69	monthly	1	1,000 min.	0
BRITISH GOVERNMENT STOCKS§								
10¼% Treasury 1987	11.26	8.16	6.63	5.07	half yearly	4	—	0
11% Exchequer 1990	11.33	7.76	5.99	4.22	half yearly	4	—	0
10.25% Exchequer 1995	11.15	8.00	6.42	4.84	half yearly	4	—	0
3% Treasury 1987	8.40	7.47	7.00	6.53	half yearly	4	—	0
3% Treasury 1989	9.31	8.22	7.68	7.14	half yearly	4	—	0
Index-linked 1988¶	9.79	9.18	8.87	8.57	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.



New York

The tricky games that dealers play

AFTER THE New York Stock Exchange's brief moment of glory, when share prices drove through the 1300 level five weeks ago, it has been pushed right out of the limelight by the credit markets.

The vertiginous dive in interest rates since then, taking yields on the 30-year long bond from almost 11 per cent to around 10.30 per cent, and three-month notes from 7.40 per cent to 6.50 per cent at one point this week, has concentrated Wall Street's attention on the Federal Reserve Board's monetary policy. Day after day, dealers have been playing the tricky game of waiting for a discount rate cut, a strange ritual that demands strong nerves and late nights, particularly on Fridays and Tuesdays, the most propitious days for an announcement, according to the conventional Wall Street wisdom.

On Tuesday of this week, a cut of a kind came when the banks trimmed the prime rate back from 10.00 per cent to 9.50 per cent, the first time in seven years that the figure had been below 10 per cent. The news gave the credit markets an enormous boost, on the grounds that there would have to be further Fed easing to revive a fluttering economy; but all of this was reversed a couple of days later when another event for which the market had geared itself up—the "flash" second-quarter GNP figure — showed an economy advancing at a rate of a little over 3 per cent, somewhat higher than the Wall Street consensus.

When the money supply figure also came in at an exceptionally high figure—an increase of $4.8bn on the week—the markets began to have serious second thoughts about the wisdom of a further easing of credit policy.

For the stock exchange, this hyperactivity on the credit front means a continuing tug-o'-war between those who argue that a decline in rates will provide the stimulus to renewed growth—which will then lead to higher rates again—and those who believe that the reduced price of money is a recognition that recession is on the way already. Neither side really got the upper hand this week; the Dow Jones Industrial Average has bobbed up and down around the 1300 mark, without showing a strong trend in either direction.

In absolute terms, of course, 1300 is a very high level for the index, less than 30 points short of the all-time high two-and-a-half weeks ago. Seen in this light, it appears that the main bias of sentiment at present is towards lower rates, whatever their cause. Many investors are ready to support equities in this market because they look attractive on a yield basis alone: this week, when short term rates dropped decisively below 7 per cent, shares in the Standard and Poor's 500 index were yielding around 4.3 per cent, on an average Wall Street dividend forecast for this year; while the differential against the Treasury long bond has slipped to around 6 per cent against about 8 per cent at times last year.

The main threat to these forecast yields is that there will be a further deterioration in corporate earnings—by no means an outlandish idea, as several companies have shown recently by coming out with somewhat gloomy forecast.

Smith Barney, for example, savaged the aluminium stocks, slashing earnings forecasts in half for this year since it now believes there will be no scope for price increases before the final quarter. General Motors also suffered when a leading analyst turned bearish on the stock and reduced the company's forecast earnings from the $11.50-$12.50 range to $7.50-$8.50. Digital Equipment, the second largest computer manufacturer, suffered a similar fate.

In the real world, where companies are adding up the figures on which these forecasts are based, there was a similar spate of unsettling news. Cummins, the diesel engine producer, announced big lay-offs because of a decline in orders; Honeywell, the computer manufacturer, warned about lower profits; and both Data General and Hewlett Packard, two other big high-tech names, began trimming production.

Against these nasty surprises can be set the comfort provided by the defensive sectors such as food and beverage stocks; a more hopeful environment for companies with high foreign earnings, now that the dollar has lost some of its hypervalue; and the interest in key energy-using sectors as evidence of further weakness in oil prices has come through this week. At the same time, there is no shortage of what Wall Street likes to call "special situation" activity. Consider the following, all of which have happened this week:

The propose Burroughs-Sperry merger has been called off; a spate of mergers has begun in the regional banking sector, prompted by a Supreme Court decision in favour of such amalgamations; Chrysler has bought Gulfstream Aerospace; bid speculation has pushed Texas Instrument stock higher (Ford was said to have been interested); United Airlines has bought Hertz rent-a-car from RCA; Ted Turner has filed further evidence of his plans to take over CBS; and the unions at TWA are trying to put together a counter-bid to the one launched by Texas Airlines. No wonder $500m takeovers go virtually unnoticed these days.

MONDAY	1,298.39	− 2.57
TUESDAY	1,304.77	+ 6.38
WEDNESDAY	1,297.38	− 7.39
THURSDAY	1,299.73	+ 2.35

Terry Dodsworth

Mining

Unhappy policeman

THEY MAY not be much given to singing these days at De Beers, but the theme that a policeman's lot is not a happy one must have been running through their minds. The policeman in question is the group's Central Selling Organisation which aims to preserve an orderly market in diamonds for the benefit of all concerned, not least De Beers.

It is not an easy task. Barely a fortnight ago the CSO had to reassure buyers of rough (uncut) diamonds that there would be no repetition this year of the Russian sales of cut-price polished gems that so unnerved the market 12 months ago. Some of the buyers are still not entirely convinced.

Meanwhile, little progress is being made in the negotiations for a renewal of Zaire's selling contract with the CSO which markets over 80 per cent of world rough diamond production. The talks have been going on for three months now and it is possible that some recent production of the big Miba mine might already have been sold outside the CSO cartel.

The policeman is thus concerned that Zaire might become a maverick again and break away from the CSO fold, just as the country did four years ago in the hope of getting better prices for its diamonds. It was an ill-timed move, with the market sliding into recession. A sadder, but wiser, Zaire decided to return to the CSO two years later.

This time around, the market is still far from fully recovered and whether Zaire can do better by going outside the cartel remains to be seen. But there are other pressures, notably the political sensitivity of the black African states towards dealings with South Africa, where De Beers is based.

Any breakaway by Zaire might be viewed with interest by diamond countries such as Angola and Botswana, although it would be rash to suggest that they would follow suit.

Cutting off the nose to spite the face is not unknown in Africa, but the diamond cartel is one that works. If it were weakened, the consequences would be severe in today's market conditions where the CSO has to buy and stockpile diamonds.

Zaire's diamond production is not easy to assess. The big Miba mine produces diamonds to the value of about $50m per year, while what are euphemistically termed "other diggers" turn out about $160m worth.

All the Miba production is sold via the CSO; but only about half of the rest is sold that way, and it does not do to inquire too deeply as to where it does go. These figures, for what they are worth, compare with last year's CSO world sales total of $1.61bn.

Most of the Zaire output comes in the form of industrial diamonds, especially as far as Miba is concerned. So, if Zaire is to break away from "the syndicate" it might have to compete in the open market with the huge output of that material from the big Argyle mine in Western Australia—the CSO will take only 75 per cent of its industrial stones—when the AKI mine comes on stream at the end of this year.

Moving on to the U.S., London's Hampton Gold Mining Areas has a problem on its hands with the ambitious project to mine a big tonnage of low grade gold ore from near-surface deposits at Craig, Colorado.

So far, Hampton Areas has spent around $9m on the venture, which appears to have been stalled before the feasibility studies have been completed.

The trouble is that Hampton Areas' 38.75 per cent-owned U.S. partners, Centennial Gold Corporation (no connection with Centennial Minerals) and Marathon Gold Corporation, have run out of cash. They have tried to raise their share of the money needed by a $7.5m share issue, but this did not work.

They are now having to find other ways of raising the cash. Meanwhile, Hampton Areas has said that it is not prepared to put up more, and the ball is now in the partners' court. It is still hoped that the prospect will go ahead but, disturbingly, no up-to-date figures of proven and recoverable ore reserves have been given.

Hampton Areas has decided that in its accounts for the year to last March—due to be announced next week—it will make a full provision against the Colorado investment as an extraordinary charge.

This will be on top of a likely fall in earnings resulting from the effects of the UK miners' strike on Hampton Areas' coal operations in this country. The news caused a sharp fall in the price of the shares, which might best be left alone for the time being.

Kenneth Marston

Tokyo

A trend is a friend

THE TOKYO stock market is not for the faint-hearted. In a week that featured the public murder of a man enmeshed in an alleged gold fraud, and ended with the Group of Ten Finance Ministers' meeting, one might have expected more thrills and spills than usual.

In fact, the market was a distinct second to the Tokyo merry-go-round of trade rows, financial scandals, and international monetary talks. The Nikkei-Dow market average drifted down to 12,634 from 12,750, with fairly modest trading volumes by the week's end. Still, there was further confirmation of a number of interesting trends, some of which could offer even the most veteran Japan-watcher something to chew on.

For some months now, Tokyo's blue chip stocks such as Sony, Hitachi and Matsushita have been out of favour due to the show-down in the U.S. economy and the electronics industry in general. Except for technical rallies, the trend continued with Fujitsu, Sony and Kyocera dropping close to their year's lowest levels during the week. Foreigners, in particular, have been heavy sellers of the semiconductor stocks.

At the same time, domestic stocks with under-valued real estate on their balance sheets have been favoured consistently by investors in Tokyo. Until recently, this had been largely a domestic phenomenon, with foreign investors reluctant to pile in. This week, Japanese brokers overseas apparently broke through this barrier and convinced (or scared) foreign investors to fall in line.

This shows that foreign investors are beginning to adopt the local gospel on Tokyo's stock market. That gospel reads: "The trend is your friend." In other words, even if the fundamentals don't make much sense, get on the band-wagon or risk being left at the starting gate. Last year's strong performance by the banking sector, pooh-poohed by many foreigners, provided an important object lesson.

As a result, the big three real estate companies — Sumitomo, Mitsubishi and Mitsui—climbed well into the Y820-Y840 level last week and look set to hit Y1,000 handily within the next few weeks. But fact when foreign investors have learned to be more comfortable with lying back and enjoying the ride, the market has come up with what appears to be an intriguing fundamental for buying real estate and hidden asset companies.

Traditionally, companies have been slow to develop odd bits of land because of their reluctance to increase their tax liability. The Japanese Government, however, is now under strong pressure to stimulate domestic demand and, as a result, is considering a programme that would reduce tax liability on developments in order to stimulate domestic building programmes. The plan isn't illogical, as government coffers would benefit from the extra corporation tax companies would pay once the new developments were on-stream. An obvious beneficiary of such a programme would be a company like Nippon Express, a transport group with lumps of land near many of Japan's major railway stations.

Two other familiar faces have showed up in the Tokyo market: energy stocks and retailers. With oil prices weakening, investors pushed into energy shares; Nippon Oil, for example, gained Y40 in the week to close at Y451. Once again, cynical investors might pause to scratch their heads over this, as a decrease in oil prices in Japan almost certainly means that petrol prices must come down. And a decrease in petrol prices would more than offset any weakness in the price of oil.

The retailing sector, meanwhile, has continued buoyant in recent weeks. Retailers, the story goes, will benefit from any economic stimulation package the Government might (or might not) introduce. At the same time, retailers recently got an added boost from the news that the U.S. is pushing for a rationalisation of Japan's distribution system, allowing the creation of more superstores at the expense of the corner shop retailer. Once again, this would not work out in the large retailer's favour, as it would result in increased competition. But as foreign investors are fast learning, a Tokyo trend is your friend.

Carla Rapoport

Investment performance

Thinking small can bring big benefits

IT IS NOT just Margaret Thatcher and her supporters who have been prodding people into seeking out and investing in small, growing and entrepreneurial companies.

The case for putting your money into small companies has recently found support from an unexpected source—business school professors. Unexpected because over the last two decades, business school professors have devoted many hours of their time—and even more of their MA students' and computer time—to debunking the claims of professional investors that above-average returns can be made from investing in any specially selected category of companies. The professors claim that the portfolios of company shares picked by the professionals fail to achieve higher returns than any standard portfolio which could be selected by a monkey.

But the most recent issue of the quarterly magazine, the Investment Analyst, confirms that in the last two or three years, the professors have had to go back to their performance figures and their computer print-outs and admit an exception to their general assertion. You can beat the monkeys and the stock market averages, they agree, by putting your money into small companies—and steering clear of the big boys.

To make your money, you don't have to go running round the country in search of wayward computer and electronics geniuses languishing in converted garden sheds. You don't even have to spend your weekends poring over company accounts. All you have to do is invest your money in a broad spread of small companies quoted on the Stock Exchange and the Unlisted Securities Market.

The Investment Analyst article, written by Mario Levis of Bath University's School of Management, suggests that, over the 25 years to 1983, you would have achieved abnormally high returns by investing in the stocks which make up the smallest 10 per cent of companies quoted on the London Stock Exchange. He estimates that on average you would make an extra 6.5 per cent per year by investing in these companies rather than an average spread of companies which make up the FT-All Share Index. Over 25 years, this difference would compound to give your portfolio a value five times greater than that of the average investor who started out with the same amount.

Similar studies in the U.S., Canadian, Japanese and Australian markets reach the same conclusion. All over the world, it seems, small is beautiful.

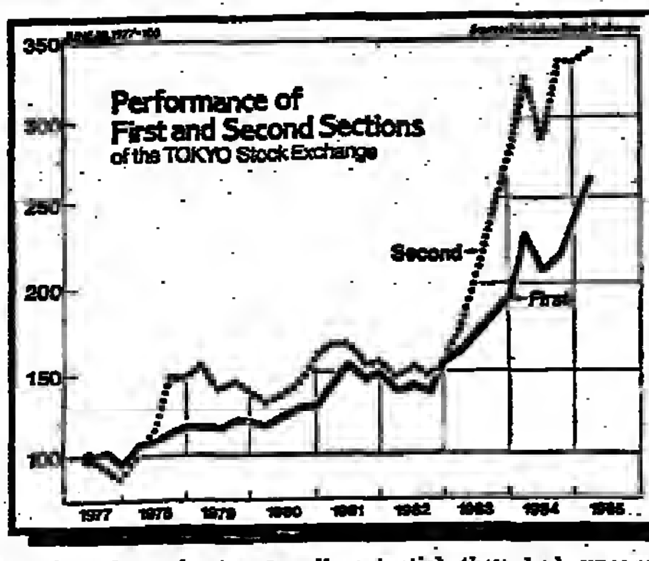
You may, however, consider that it is too time-consuming and too expensive in terms of commissions and charges to build up your own portfolio of smaller companies, even in the UK, let alone overseas.

If so, you could turn to a unit trust which specialises in smaller companies. UK smaller companies trusts date back to 1967. But the last two years have seen the springing of several unit trusts, and more recently investment trusts, which focus their attentions on the smaller companies of specific overseas stock markets such as the U.S., Japan and even France and West Germany. The returns of the U.S. trusts have so far been disappointing, primarily because of the shake-out of the smaller, high technology stocks in the U.S. in 1983-84.

In Japan too, in the 12 months after April 1984, smaller companies have generally performed poorly (see graph of Second Section stocks index). And this year, Japanese funds have suffered from the fall of the Yen against sterling. But because of the current lack of research into many of the smaller companies outside the Japanese electronics and other glamour sectors, the opportunities to make abnormally high profits in this sector are possibly greater than elsewhere, at least for the moment.

Edinburgh investment managers Baillie Gifford also claim that now is a sound time to go for Japanese smaller companies, near the bottom of a cycle. For this reason, they have launched a new investment trust specialising in the sector. Baillie Gifford has a good record in Japan. Its other (mainstream) Japanese investment trust was the top performing trust in 1984.

The Baillie Gifford managers plan to have a concentrated portfolio of only about 40 stocks and intend to buy and sell shares at a far less furious pace than is usual in Japan. They intend to invest fairly heavily in the high technology sector which they believe, is coming back into fashion.



Successful applicants will also receive with every five shares one warrant which can be exercised between 1986 and 1996. Its market value is likely to be about 7 per cent of the value of the shares. Applications for shares in the $8m trust have to be in by Tuesday.

The drawback of putting money into an investment trust at its launch is that almost without exception investment trust share prices fall to a discount to the value of its underlying assets usually within a few months and certainly within a few years.

The alternative is to go for a unit trust. One of the two best performing Japanese smaller companies fund so far has been that run by M & G, which is showing a 20 per cent return after its first year. The two fund managers made most of their profits by switching as early as last November, following a visit to Japan, into the more mundane stocks such as kitchen equipment manufacturers, department stores, textiles and residential property companies.

In the last three months, however, the managers have struggled to keep pace with their competitors, turning over 60 per cent of the portfolio.

By contrast, the Schroder Japanese Smaller Companies unit trust soared ahead in May, marking up a 9 per cent rise in the month and a 27 per cent rise in the last year. This, claim the managers, was the result of the discovery by Japanese investors of the small and often rather obscure companies with potential they had uncovered earlier.

"We make it clear we are looking for stocks where few foreigners have exposure and which few Japanese know about," says fund manager Jan Kingzett. Unlike the managers of the other UK smaller companies funds, Schroder uses fund managers based in Tokyo who speak Japanese and have been in the country for many years. This, they say, is of particular importance when seeking out small under-researched companies about which there is very little information in English.

Save and Prosper's Japanese Smaller Companies fund was the first in the category to be launched, two years ago. It therefore benefited from the strong rise of the market as a whole. A slack period followed but the fund has recently bounced back with its investments in the household goods and housing sectors.

Shareholders in the other two funds, run by Britannia and Edinburgh Fund Managers, have so far suffered losses, even though EFM at least has a long-term performance record in the Japanese market.

Other smaller companies funds investing in the American, European and UK markets will be discussed over the next two weeks.

Clive Wolman

Building societies

Why investors are getting interested

BUILDING societies want more of your money, but they are having to fight hard to get it.

The battle for savers' funds has led to rapid changes in the interest rates and conditions on offer. The fighting has been fiercest in the area of long-term accounts, as societies try to attract investors who will stay with them.

Accounts that require 90 days' notice for withdrawals have started to pay much higher rates; and new accounts requiring only 60 days' notice, such as the Yorkshire's Platinum Key, are now competing in this market.

The Halifax has raised the interest rate on its 90-day Xtra account, which needs a minimum investment of £500, to 10.75 per cent. This gives a compound annual rate of 11.04.

The Halifax has another 90-day notice account—Premium Xtra. But although this requires a much higher minimum deposit of £10,000, it pays a slightly lower interest rate: 10.5 per cent, compounding to 11.03 per cent.

It seems illogical that you should get less for a £10,000 deposit than you do for a £500 deposit on the same withdrawal terms. The Halifax says that you are paying for a premium of two percentage points above the ordinary share rate that is guaranteed for three years.

Guaranteed premiums are something of an illusion, because the ordinary share rate on which they are based is certainly not guaranteed.

Nevertheless, building societies will probably end up paying something close to the market rate throughout the investment period. The Halifax is at the moment having to pay a 2.35 percentage point premium, not the two points it guarantees.

The same applies to 90-day notice accounts at the Abbey National. The Higher Interest Account pays 11.04 per cent compounded on minimum balances of £500. The High Rate Bondshare pays only 11.0 per cent, though the minimum balance is £10,000, but guarantees to pay 2.75 percentage points above the ordinary share rate for two years.

This new breed of term shares offers much more flexibility than might appear from the names of the accounts—Two Year Super Term, Three Year Capital Bond, and the like.

You are not committed to your investment for the full term but can pull your money out when you like, usually subject to 90 days' notice. The two or three year term applies only to the guaranteed premium.

The societies say these guarantees are proving popular with investors, as they give a sense of security: while the ability to withdraw money at 90 days' notice avoids the locked-up feeling induced by some earlier term shares.

Rates like these have pushed the five largest societies — Halifax, Abbey National, Nationwide, Leeds and Woolwich—up among the very highest payers. This is a rare state of affairs, for the giants usually offer their investors a slightly lower rate of return than the most competitive of the smaller societies.

Watch out for the way the interest rate is quoted. Some societies have started to add interest only once a year on some of their accounts; compounding it half-yearly can add as much as 0.3 percentage points to the true rate of interest.

The reason is a new advertising code practice under which societies are not allowed to print their compounded rate in larger type than the basic uncompounded net rate.

The Yorkshire can boast 11.05 per cent for its Platinum Key Account, which credits interest once a year. But the Abbey cannot publish the 11.04 per cent compounded rate of its Higher Interest Account, with interest credited twice a year, any more prominently than the 10.75 per cent basic rate.

The small societies are hitting back, though, and many have now raised their rates to keep ahead. Building Society Choice, which monitors interest rate changes, picks out three smaller societies as offering especially good returns: Town and Country's Two Year Super Term, which requires three months' notice; Harpenden Hertfordshares, a limited issue with one month's notice; and Mid-Sussex Special High Rate, which gives instant access and interest rates that rise according to how much money you invest.

With many other high rate accounts, though not with these three, you can improve your return by taking advantage of the monthly income facility. Although the monthly interest payments cannot be accumulated in the account itself, you can pay them into an ordinary or seven-day account, where they will continue to earn interest. This process might add an extra 0.1 per cent to your return.

George Graham

MEDIUM TERM ACCOUNTS

Society Account	Notice	Minimum	approx %
Town & Country 2 Year Super Term	3 months	£10,000	11.42
Harrow Additional Interest	3 months	£20,000	11.28
Portsmouth 90 Day	3 months	£2,000	11.27
Peterborough '85 Shares	3 months	£500	11.26
Leeds & Holbeck High Yield	3 months	£1,000	11.21
Greenwich 60 Day	2 months	£3,000	11.21

INSTANT ACCESS ON LARGE SUMS

Society Account	Notice	Minimum	approx %
Mid-Sussex Special High Rate	—	£20,000	11.30
Greenwich 60 Day	—	£5,000	11.21
Haywards Heath Tiered Interest	1 week	£20,000	11.04
Scarborough Retirement Bonds*	—	£10,000	11.04
Metrogas Super Savers Shares	—	£2,500	10.95

* For aged 55 and over.

Society	Account	Minimum	approx %
Hendon	7 Day Notice	£1,000	10.42
Teachers	Bullion Shares	£500	10.41
Hendon	7 Day Notice	£500	10.36
Wessex	Ordinary Shares	—	10.36
Skipton	Sovereign Share	£500	10.30
Cheltenham & Gloucester	Gold	£500	10.25
Town and Country	Supershares	£500	10.25

Source: Building Society Choice, available from Research and Information, Riverside House, Battlesden, Bury St Edmunds, Suffolk IP30 0SF.

BUILDING SOCIETY RATES

	Share	Sub'pn	Other
Abbey National	8.25	9.25	8.52 Seven-day account; 10.75 Higher interest account 90 days' notice or charge; 7.00/9.52/10.00/10.50 Cheque-Save; 11.00 High rate bondshare
Aid to Thrift	8.80	—	— Easy withdrawal, no penalty
Alliance	8.25	9.25	10.00 BankSave. Balance of £2,500. Current account. Balance—under £2,500, 3.00. Minimum initial investment £500; 10.00 Gold account. Minimum investment £500. Imm. wdl.; 11.00 Premier ½-yearly/mthly. min. £1,000. Imm. wdl. (pen.)
Anglia	8.25	9.25	10.00 Instant gold. Annual int. No notice or penalty; 10.75 2-year int. 90 days' not./pen. Differential 2.5 guaranteed; 11.00 Capital plus £10,000+. Annual int. 60 days' not./pen.
Barnsley	8.25	10.00	10.75 2-year term share—£1,000+—3 months' notice
Bradford and Bingley	8.25	0.25	10.00 No notice, no penalty. £1,000+; 11.00 3 months' notice without penalty. £5,000+
Bristol and West	8.25	9.25	9.75 Plus account £1,000+. No notice. No penalty; 10.30 £20,000+, 10.10 £5,000+, 9.80 £1,000+; 7-day notice triple bonus. Also monthly income
Britannia	8.25	9.25	10.80 90 days' notice
Cardiff	8.75	8.65	10.25 90 days' notice. Penalty if balance under £10,000
Catholic	8.55	9.55	10.05 Extra share, £5,001+ 10.30, 30 days' notice
Century (Edinburgh)	8.85	—	9.30 Guaranteed rate 2/3 years (or variable account)
Chelsea	8.25	9.25	11.10 Immediate withdrawal interest pen. or 2 month £500
Cheltenham and Gloucester	8.25	—	10.75 Gold. No notice. No penalties. £20,000+, 10.75 £500-£19,999, 10.25. Under £500, 8.25
Citizens Regency	8.25	8.75	10.00 7 days. 10.00 1 month, 10.25 2 months, 10.85 3 months
City of London (The)	8.60	9.75	10.75 3 months' notice—no penalty—monthly income; 8.95 7 days' notice immed. access for amounts over £5,000
Coventry	8.25	9.50	10.50 2-year bond £1,000+, close 90 days' notice and penalty, monthly income option, guaranteed 2.25 differential. Moneymaker instant access no penalty 10.30 £20,000+, 10.05 £5,000+, 9.75 £1,000+ monthly income option
Derbyshire	8.25	9.50	10.75 2 years, 3 months' not. Up to 10.00 no notice, no pen.
Gateway	8.25	9.25	10.63 Gold star £1,000+. No notice. No penalties. Monthly interest £5,000+. 10.50 if added to account
Greenwich	8.25	—	10.80 60-day account (no notice account 9.50-10.60)
Guardian	8.50	—	10.80 6 months' not. £1,000 min. Access to balance £10,000+
Halifax	8.25	9.25	9.75 Instant Xtra. Immediate withdrawal no penalty; 10.75 90-day Xtra, 90 days' notice no penalty (£500 minimum); 10.50 Premium Xtra (£10,000 min.) guaranteed 2.00 diff. 3 yrs.
Heart of England	8.25	9.50	10.00 90-day notice, 9.50 5-day notice, 10.75 1-year bond
Hemel Hempstead	8.25	9.75	10.50 90 days'. 10.25 60 days. 10.00 28 days
Hendon	8.35	—	10.10 7-day account. Minimum £500
Hinckley and Rugby	8.25	11.55	10.80 1-year certain minimum £500 monthly income £5,000
Lambeth	8.40	8.50	9.90 7-day a/c. 10.85 Magnum a/c 8 weeks+loss of interest
Leamington Spa	8.35	—	10.60 Super share, no notice, 14 days' pen. £1,000 minimum; 11.10 Super share, no notice, 14 days' pen. £5,000 minimum; 11.40 Super share, no notice, 14 days' pen. £20,000 minimum; 10.00 Ordinary shares, no notice, no penalty, £5,000 minimum; 10.75 High flyer, no notice, no penalty, £20,000 minimum
Leeds and Holbeck	8.25	10.00	10.75 Monthly interest, 10.25 28 days' notice, 10.50 90 days' notice or penalty, neither if £10,000 still in account
Leeds Permanent	8.25	9.25	10.75 Limited edition £10,000 3 month's not. or 90-day pen.; 10.25 HRAS 3 months' notice. 10.00 Liq. Gold no not./penalty
Leicester	8.25	9.25	8.80 £500+ Immediate withdrwl. no penalty. 10.75 £10,000+ minimum 1 year, 10.25 £2,000+ minimum 1 year
London Permanent	8.75	—	10.25 60 days' notice or imm. wdl. no penalty if bal. £7,500+
Midshires	8.25	—	10.50 2-year term, 2.25 differential guaranteed. 3 months' notice or penalty
Mornington	9.80	8.25	9.50 £2K, 10.00 £2K+, 10.10 £10K+, 10.25 £20K+
National Counties	8.55	9.80	10.55 90 days' notice, no penalty. £1,000+
National and Provincial	8.25	9.25	10.75 APEX 3rd issue (2.50 gtd. 3 years) 90 days' notice/pen.; 10.25 Money man. £10,000+. No notice. No penalty; 10.00 Money man. £500+ (8.25 under £500)
Nationwide	8.25	9.25	10.75 Capital bonds, 3 years, 90 days' notice/penalty; 10.75 Bonus-90 £20,000+, 90 days' notice/penalty; 10.50 Bonus-90 £10,000-£19,999, 90 days' notice/penalty; 10.25 Bonus-90 £500-£9,999, 90 days' notice/penalty; 9.75 Double bonus, minimum £500, no notice/penalty
Newcastle	8.25	9.50	10.75 90 days' notice, 9.75 7 days' notice. On demand by arrangement
Northern Rock	8.25	9.50	10.25 Moneyspinner plus £20,000 or more, instant access; 10.00 Moneyspinner plus £5,000 or more, instant access; 9.75 Moneyspinner plus £500 or more, instant access
Norwich	8.25	9.50	9.90 7-day share/monthly income option 10.00 on £10,000+
Peckham	8.25	—	9.90/10.40 Immediate withdl. if over £2,000. Monthly income
Peterborough	8.25	9.25	10.75 '85 shares—85 days' notice—monthly income
Portman	8.25	10.50	*9.85 Red-plus. £500+ instant access, no penalty; *10.25 Pm. £500+ 2 months' not., no pen. * Mthly. inc. £2,000
Portsmouth	8.40	9.90	11.20 5-year. 11.00 3-year. 10.85 90-day. 10.25 30-day
Property Owners	8.75	10.25	10.55 3 months, 10.25 6 months, 10.10 28 days, 10.00 im. ac.
Scarborough	8.25	9.50	10.45 Over 55's no penalties M.I. minimum £250—10.15
Skipton	8.25	9.60	10.55 Sovereign £10,000+ instant access—no penalty; 10.30 Sovereign £500-£9,999
Stroud	8.25	8.50	10.40 2-year term. Notice accounts with monthly income option 10.50 90-day, 10.25 28-day
Sussex County	8.25	9.70	9.80 Sussex High, 10.30 90-day, 10.50 monthly income
Thrift	8.20	—	10.50 3-year term. Other accounts available
Town and Country	8.25	—	11.00 2-year term £10,000+, 10.75 £500-£9,999 withdrl. avail.; 10.75/7.00 Moneywise cheque/Visa. Int. varies with balance; 10.75 Super 60 ½-year interest £500, wdl. available, mth./inc.
Wessex	10.10	—	— No notice—no penalties—minimum £1
Woolwich	8.25	—	8.75 Prime—no notice, no penalty, minimum £500; 9.75 Monthly income shares, 28 days' notice; 10.75 Capital, 90 days' notice/penalty
Yorkshire	8.25	8.25	10.15 Diamond key, 28 days' notice or 28 days' penalty; 11.05 Platinum key, 60 days' notice or 60 days' penalty

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor

All-in borrowing

Try a mortgage for your loans

AS A mortgage normally is by far the cheapest form of borrowing, you should consider whether you can bring together — or convert — all your more costly loan commitments into one. There is no single reason why not, provided you have a house to offer as security, but you could find it difficult.

At the moment, few lenders are willing to provide finance at mortgage rates if you say explicitly that you intend using the money to buy a car, go on holiday, or for purposes other than house purchase or improvement which are the only grounds on which you quality for tax relief. But even if your loan is not eligible for that interest rates on mortgages — at present, between 13.5 per cent and 16.875 per cent — are well below those on personal loans, credit cards, or hire purchase.

At the cheaper end of the market, a mortgage rate of 13.5 per cent — with Midland, for example — compares favourably even with a bank overdraft, the rate on which is typically set at three to five points above base rate (now 12.5 per cent). You are also likely to be allowed to borrow more on a mortgage than on a negotiated overdraft.

Most building societies do not see their role as providing relatively cheap credit for purposes other than buying houses. The Woolwich, for example, says it is under enough pressure already to satisfy mortgage demand for genuine home purchase.

There are no legal obstacles to building societies offering loans that are not for buying or improving houses. Under the Building Society Act, societies are required merely to ensure that all lending is secured on the property.

The Bristol and West is one building society anticipating changes in the law allowing societies to offer a wider range of services. It now offers personal loans, up to a maximum of £30,000, on the security of your house.

If you need a loan for home improvement, the Bristol will suggest an advance on your existing mortgage that might qualify for tax relief. But personal loans, intended for buying consumer goods, are charged at a differential of 3 per cent above the mortgage base rate of 13.75 per cent.

The personal loan, together with the outstanding balance on your mortgage, cannot exceed 75 per cent of the value of your property. But while the 3 per cent differential is fixed for the duration of the loan term, the underlying standard rate can vary.

A personal loan at 16.75 per cent (13.75 per cent plus 3 per cent) looks very attractive alongside the rates on personal loans offered by clearing banks. But you should look at the Annual Percentage Rate (APR) of interest, which reflects the true cost of borrowing. The APR on a Bristol and West loan over 20 years is 18.5 per cent.

However, you might not want to borrow money on top of your mortgage for such a long period. So, you can choose a repayment term between two years and the unexpired term of your existing mortgage. If you pay off the loan in five years, the APR is higher—21.1 per cent. The higher APR reflects the way interest is calculated as you repay the capital sum.

There are no start-up or arrangement fees on a Bristol and West personal loan; but if you redeem your mortgage and buy another property, you would have to pay off the loan and renegotiate a new one alongside the new mortgage.

Among the major clearing banks, charges on personal loans vary according to the type and duration of the loan. Midland is unusual in offering both secured—against your home or other security—and unsecured loans.

A secured loan from Midland over five years would cost you an APR of 22.3 per cent as opposed to a Bristol and West personal loan over the same period which carries an APR of 21.1 per cent. With a personal loan from a bank, however, you are certain of the rate you will be paying, as it is fixed for the duration of the loan. The B and W rate will fluctuate according to movement in the base mortgage rate.

There is a maximum limit of £10,000 on a Midland secured personal loan; and £5,000 on an unsecured loan which, over two years, would cost you an APR of 23.8p.

The reluctance of the banks to grant mortgages for consumer spending is blamed officially on guidelines issued in 1981 by the Bank of England, which warned against the practice. Several major banks suggest the guidelines, justified on grounds of monetary control, are now out of date and, effectively, invalid. Others caution that aggressive marketing of loans at mortgage rates for consumer purchases could provoke a clampdown.

If you want such a loan, the simplest policy is not to give too many details about how you plan to spend the money—or about your other assets. Chemical Bank is offering loans at its mortgage rate of 13.75 per cent (with no differentials) for up to 95 per cent of the value of a post-1920 property. You must take a minimum loan of £25,000, but there is no maximum.

The easiest time to borrow more money than you need for house purchase is when you move home. Many building societies and banks insist on your re-investing a proportion of the net proceeds from the sale of the first house into your new purchase. But Chemical Bank says it does not normally ask a customer questions on such matters.

If you had a mortgage with Chemical Bank that amounted to less than 95 per cent of the value of your property, you could, for example, negotiate the addition of your overdraft on to your mortgage (though if your overdraft was a direct result of a reckless day at the Derby, they say they would be reluctant to accommodate you).

Chemical Bank's lending rates and policy of discretion regarding a customer's borrowing needs are unusual; but another U.S. bank, Security Pacific, will lend up to 100 per cent of the value of your property (though not specifically for purposes other than house purchase or home improvement). Like Chemical, Security Pacific does not ask about the proceeds from your first house sale when you approach it for a mortgage to buy another. How you use your capital is regarded as your own business.

However, Security Pacific's mortgage rates are high where the amount borrowed is relatively small. A mortgage of between £15,000 and £25,000 will cost you 17.25 per cent, whereas a mortgage between £50,000 and £150,000 carries a rate of 14 per cent.

The United Bank of Kuwait, which charges 13.5 per cent on all mortgages, requires a minimum mortgage of £40,000. It says that although the possibility of lending money at mortgages rates explicitly for purposes other than house purchase has been "under discussion," it has not yet entered this market.

Dina Thomson

New products

One trust that helps another

SAVE & PROSPER is offering emergency Visa card replacement for customers with its Premier High Interest Bank Account. Customers can receive a replacement credit card anywhere in the world within 24 hours of reporting their card lost or stolen.

WHAT HAPPENS when two trusts meet? Gartmore is promoting its British Trust through the National Trust members' magazine—and it will give 2 per cent of the money it takes in to special National Trust projects. The first is a garden fund. The money comes out of Gartmore's 5.25 per cent front end fee.

It expects to take in most of its money "off the page" directly from investors, so it will be saving the commission it would usually be paying to brokers and other intermediaries. It will still pay commission where this is due.

Gartmore British Trust aims at capital growth through investing in the UK, and has been running for 11½ years. Over the past five years its record puts it eighth among UK growth unit trusts.

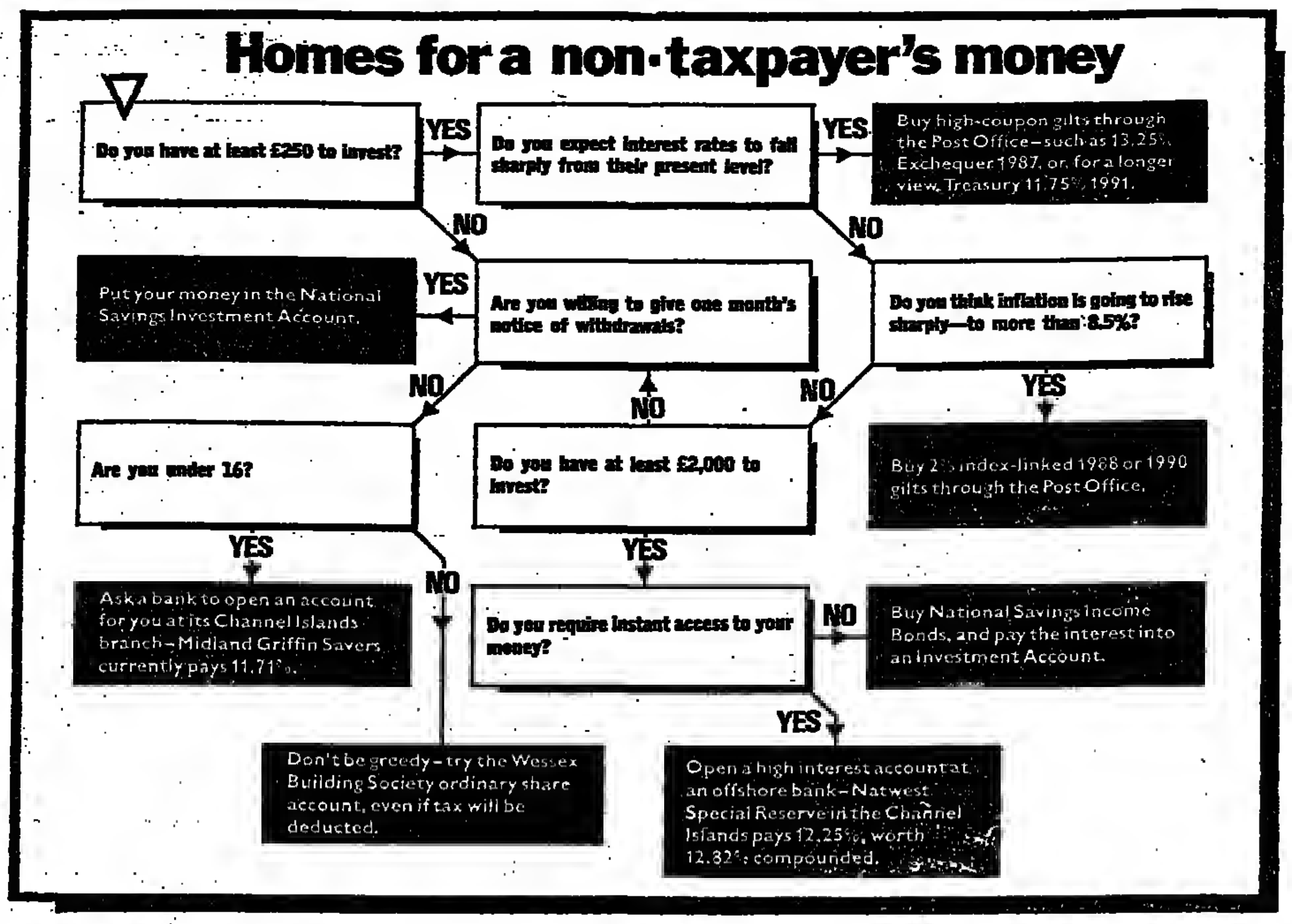
BARING BROTHERS has joined its merchant bank rivals by launching an offshore roll-up fund. The investor can choose to hold his money in sterling, U.S. dollars, Deutschemarks or yen—but this is not a managed currency fund switching from one currency to another. The investor must make his own choice.

There is no initial charge but the annual management fee is 0.75 per cent. This will be reduced for investors with over £50,000. The fund may use interest rate futures contracts to hedge against falls in interest rates.

LLOYDS BANK has devised a loan scheme specifically for parents with children at college or university. If the child opens a Lloyds account, the parent can borrow £2,000 a year, up to a maximum of £6,000, at 3 percentage points over the bank's base interest rate.

Overdrafts on the student's account will be charged at one point over base rate—which stands at 12.5 per cent—and if they are for less than £200 the student will not incur bank charges.

For the parent the interest rate is more attractive than on a conventional personal loan. With perseverance a good customer should be able to negotiate a rate three points above base on an overdraft. Lloyds overdraft rates, however, can sometimes go up to seven points above base.



Make the best of a bad job

IT IS A dog's life for non-taxpayers. Since April this year, the only deposit accounts in the UK that can pay interest without deducting tax are those offered by the government-run National Savings.

If non-taxpayers leave their money in a UK bank or building society, 25.25 per cent tax will be deducted and cannot be reclaimed. To avoid being mulcted of a tax they do not owe, they must put themselves to considerable inconvenience.

Investors who do not pay tax—children, perhaps, or pensioners — have three main choices.

They can put np with the terms and conditions offered by National Savings; they can invest in government securities, or gilts, where 30 per cent tax will be deducted but can be reclaimed from the Inland Revenue; or they can go to the trouble of moving their money offshore — probably to the Channel Islands or the Isle of Man.

National Savings is the most convenient choice, because you can invest through your local Post Office. But the range of products is limited, and the interest rates are rarely as keen as the best of the building societies and banks.

The top rate is paid on Income Bonds: 13.25 per cent, with interest paid out monthly. But yon must buy at least £2,000 worth, and the interest cannot be re-invested.

Deposit Bonds have a minimum of only £250; but although the nominal interest rate is the same at 13.25 per cent, it is credited only once a year. The 13.25 per cent is what you get, whereas the Income Bonds' monthly interest compounds to 14.09 per cent.

If you do not need the monthly income, your best bet is probably to pay the interest from the Income Bonds into a National Savings Investment Account.

This returns 12.75 per cent on a minimum investment of £5 and is the most flexible account on offer, but its big drawback is the withdrawal terms. You can get back your money only by post, and it will take you a month.

There is, of course, the venerable National Savings Ordinary Account, which allows you to withdraw money at a Post Office on demand. But it pays only a beggarly 3 per cent interest—rising to 6 per cent if you are foolish enough to keep a balance *of more than £500* in your account throughout the year, when you could be earning a less insulting rate elsewhere.

Gilts — or government securities — pay dividends net of 30 per cent tax. But unlike the composite rate tax deducted by banks and building societies, this money can be reclaimed from the Revenue if yon do not pay tax — although you could have to wait months for your refund.

If you buy your gilts through the Post Office, rather than a stockbroker, interest will be paid without deducting tax in advance. This is a great advantage to the non-taxpayer, although the Post Office will not give you any advice on which gilt to buy, as a stockbroker would.

The returns on gilts do not at the moment match the top interest-paying accounts, but they give you the opportunity to lock in the present level of interest. If you believe interest rates are going to fall in the near future, yon can hold on to the same rate of return until your gilt matures.

If you need to sell before your gilt's maturity date, you could ba at the mercy of market fluctuations and might not get your capital back in full.

Other securities, such as company shares and unit trusts, also pay their dividends net of 30 per cent tax; again, you can reclaim this money. These, however are higher risk investments.

Finally, you can go offshore to an account managed, if you wish, by one of the most reliable UK clearing or merchant banks. The banks are under pressure not to promote thia facility too strongly to UK residents. But if yon ask your local branch, they will arrange an account for you with their counterparts in the Cbannel Islands or the Isle of Man.

Check that the offshore bank account will give you as much freedom of access as you require. You might very well be asked to move your current account to the Cbannel Islands branch along with your extra interest account. Will you still be able to cash checques when you want?

With the NatWest Special Reserve Account, you can withdraw only via a current account. The Lloyd's high interest cheqne account, however, should present no problems as you will he given a cash card that you can use at any mainland branch. At present, it pays 12 per cent.

The drawback is the amount of money you must deposit—£2,000 for Midland and NatWest, £2,500 for Lloyds.

Most adult non-taxpayers will prohahly ba non-residents, though, ao they will not need to worry about the problems of clearing cheques in the UK. Nor are they likely to find any of the minimum deposit requirements an obstacle.

Children under 16 also have fewer worries about minimum deposits. They can get a reasonably competitive gross return on amall sums with offshore accounts like Midland's Griffin Saver, Barclays' Super Savers, NatWest's Piggy Bank and Online, and Lloyds' Black Horse Young Savers.

Older non-taxpayers having under £2,000 to play with face a problem if they want to be abla to get at their money with less than the month's notice required on the National Savings Investment Account.

They may do better for the time being by staying onshore, even if it means having tax deducted from their interest. The Wessex Building Society, for instance, pays 10.36 per cent net of tax on its ordinary share account — better than the gross rate on the clearing banks' offshore deposit accounts, which is only 9.5 per cent. Pay the tax, grin, and bear it.

George Graham

Women hit by Serps proposals

THE propoaed abolition of the State Earnings Related Pension Scheme (Serps) has been the most controversial aspect of Norman Fowler'a Green Paper on social aecurity. What has received little comment is the likelihood that abolition would harm women far more than men, simply hecausa the package Barhara Castle put forward in the '70a had so many advantagea for women.

Castle broke away from the stereotype of the "pensionable person" who stayed for 40 years in one job, had his highest real earnings near retirement, and had a dependant wife and children. It introdnced aome radically different features.

The build-up period is only 20 years, not necessarily consecutive, rather than the 40 years' continuous service usually found in occupational schemes.

When the scheme reached maturity, the pension was to be based not on final earnings, aa ia usual in occupational scbemes, but on best earnings. Earnings figurea for one'a whole working lifatime are recorded. At retirement date, they are revalued to take account of inflation. The best 20 of tbese figures are picked ont, averaged, and the pension based on that.

These features benefit women, especially married women, and can be seen as compensating them for the earnings they lose by doing the socially useful job of bringing up families.

Heather Joshi, in a research paper for the Department of Employment, has calculated that "subsequent time in the paid workforce is reduced by 25 per cent for a mother of two, the hours of paid work by 36 per cent, and cash earnings by 47 per cent."

The "best earnings" provision means that the calculations can be based on the years before the woman had a child and take account of what she was earning then. The Government Actuary calculated in 1983 that this would make a difference of as much as 75 per cent in a woman'a pension.

To belp with the basic pension, the scheme also gives a "home responsibility credit" for each year apent looking after cbildreo or disabled people, so long as the person concerned has 20 years' employment during ber (or his) lifetime.

Finally, there is the "survivor's pension." When both husband and wife have retired, the wbole pension of whoever dies first—male or female—is inherited by the other.

The new Green Paper proposes to phase Serps, out over a three-year period. All workers with more than 15 years to go to retirement will have to huy a pension in either a company scbeme or an individualised "personal" scheme.

Far fewer women than men are members of company schemes—largely because of the widespread exclusion of "part-timers" working fewer than 30 hours a week—so they will be worst affected. The 20-years build-up and the "best earnings" formula will be abandoned.

Finance and the female

Instead, there will be new "personal" schemes on a low quality, money purchase basis. This means that the pension is related, not to one's earnings, but to the size of the contributions made and the level of investment returns.

The size of a money purchase pension is determined by when the money is invested, because it depends on interest payments and dividends being "rolled up" over the years to produce a capital sum at the end. The longer the money is in the fund, the more interest it earns. Someone in a money purchase scheme for only the last 20 years before retirement could well end up not with half as much as a person with 40 years' membersbip, but a quarter. Women generally have the shorter employment records, because they do unpaid work at home looking after children.

Someooa with 40 years in ooe money purcbase scheme may be able to get a pension not substantially less than from Serps, even at the minimum rates laid down by the Government, but anyone—man or woman—with breaks in employment will find their pension prospects harmed.

A married woman with no income of ber own will need to ask ber hushand or partner to pay in contributions on her behalf.

The survivors' benefit will be replaced by inadequate spouses' peosions, or possibly only a lump sum. The widow'a allowance, the special higher rate of benefit paid to a widow for six months after her husband's death, is to he replaced by a lump sum. Third, the age at which one receives a full widow's pension is to be raised by five years.

There are some gestures in the direction of equality. Though retirement ages are not being equalised—instead there are vague suggestions of flexibility within a "decade of retirement" — other elements are. Insurance companies will have to sell annuities on the same basis to men and women, and widows and widowers will have to be given the same benefits, at least on the minimum level.

What practical steps can women take in these circumstances? Take a close look at your pension position now to prepare for the upheaval. If you are in a pension scheme already, can you afford to pay "additional Voluntary Contributions too boost your pension rights? If you are not in an employer's scheme, but have the option to join, consider doing so. And if there is no scheme available to you, bow about taking out a self-employed pension in your own right?

Sue Ward

Foreign funds

Cheques and balances


Problems with the bank: Major Cargill

THE PITFALLS of relying on your bank to clear a foreign cheque for you are highlighted by a recent case in which Major James Cargill of Dorset lost more than $1,000.

Last February Major Cargill decided to sell his dollar denominated investments in a Lloyds Life assurance policy fund and Tyndall International Assurance Commodity Fund. He instructed Midland Bank's insurance service division, through whom he had made the investments, to sell the investments and credit the proceeds to his Midland bank account.

The $4032.88 cheque from Tyndall was credited to his account eight days later, on February 26, at an exchange rate of $1.0518 to the pound. The $7,648.01 Lloyds Life cheque was received by his bank on March 7 but it was not until March 29 that it was credited to his account. But in the intervening period, the dollar had fallen to a rate of $1.1925 to the pound. As Cargill pointed out to his bank this difference in exchange rates reduced the value of his investment by $1,076.

When Cargill complained about the delay and his subsequent loss on the exchange rate, his bank's explanation was that the Tyndall cheque had been "negotiated" while the Lloyda Life cheque had been "collected." The collectinn of the Lloyds cheque, his bank claimed, was "normal procedure" for cheques in large amounts drawn outside London. It was usual for this to take three weeks.

However, when Major Cargill asked his bank to sell his investments for him and to credit them to his account this was not pointed out to him. Having received the proceeds of the first investment in Tyndall fairly quickly, he expected the second cheque to be credited at about the same time.

Cargill rejects Midland Bank's explanation. First, he argues that a cheque for $7,648.01 by bank standards can hardly he classed as "large." Second, he also finds difficult to accept that in these days of instant world-wide communication it should take 22 days to clear a cheque. As he states in his correspondence with his bank it conjures up visions of "little men in pin stripe suits and bowlers scurrying about the City collecting on dollar cheques."

Cargill feels particularly aggrieved because he has banked with Midland Bank's Liphook, Surrey branch for some 13 years. But the branch itself has yet to communicate with him on the issue. All his replies have come from the insurance services branch based in Guildford. In one letter the insurance company official informed him that the Lipbook branch had been asked to explain the position to him.

The other major clearing banks confirm that it can take up to three weeks to "collect" foreign currency cheques drawn outside London. But 15 days or less would be more usual they say. To collect a chaue the customer's bank sends it to tha bank upon which it was drawn and then waits until that bank actually transfers the funds to it before the sum can be credited to the customer'a account. Banks in the U.S., particularly in the more far flung cities, are notoriously slow and the process ia vulnerable to the vagaries of the postal system.

This can work either to the advantage or disadvantage of a customer depending on exchange rate movements. The practice most widely used by Barclays and Lloyds for known customers is to negotiate the cheque "with recourse." This means that the cheque will be cleared in the normal way like any sterling cheque at tha exchange rate prevailing on tha day.

This process ahould take a maximum of seven days. The bank then takes on the responsibility for collecting the cheque from the issuing foreign bank. It's not quite that simple, though. "With recourse" means that if tbe cheque bounces then the bank is able to claim the amount back from the customer—and will do so at the exchange rate prevailing at that particular time. This means that the customers could find themselves having to repay the bank more than the original amount which they received. But as the banks point out if the exchange rates move the other way they stand to receive less so the customer benefits.

Although banks offer customers a better service by negotiating a cheque—particularly when the customer ia in urgent need of funds—thare is a hidden charge for it. Allowance ia made within the exchange rate used to convert the foreign currency to sterling for the "risk" which the bank is taking. On the other band, the explicit charge for negotiating is usually slightly cheaper—20 pence per £100 against 25 pence for collecting, whilst the minimum and maximum charges are usually lower—£2 against £6 and £30 agaiost £45 or £60.

All the clearers, including the Midland, claim that they always inform the customer whether a cheque will be collected or negotiated. They also state that there is no threshold above which cheques will automatically be collected. Tbey say the amount involved and their knowledge of the customer has a bearing.

Anyone receiving a cbeque denominated in a currency other than sterling shonld therefore beware. Do not assume you will be able to draw on the funds in a matter of days. If your bank doesn't tell you, ask bow the cheque is to be cleared. Yould would then at least have the chance of persnading the bank to do it, in the way yon want it to so that whether you win or lose on the exchange rates the choice is yours and not the bank's.

Margaret Hughes

Briefcase

Runaway wife unlikely to claim

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Would a wife who had left her husband and children over 40 years ago and had not been seen or heard of since have a claim to the estate of the husband if he died? Would it be better for him to mention a small sum to be paid to the wife or should he ignore her previous position entirely? If you consider that the wife could possibly have a claim (as a person so concerned has asked me to be his executor) can you advise me of any kind of insurance policy I could take out to cover the risk of her re-appearing and making a claim after I had distributed the assets to the named beneficiaries?

A widow is entitled under the 1975 Act to make a claim, whatever the circumstances of the matrimonial history. However in the case you describe such a claim is so unlikely to succeed that the widow would be advised against making a claim, as she might have to pay the costs on its failure. There is no need for an executor to insure; the claim must be made within six months of probate. It may be wise for the testator to state why he has left nothing to his wife, but there is no magic in leaving a token sum.

Conned by cowboys

I have been badly conned by cowboy builders and surveyors. I have been to a solicitor (who took on the case nearly two years ago) but he has been so slow, and I feel I am not getting the right advice from him. I have brought in independent surveyors, all have given a bad report, and they say that I should be sueing the surveyor, as he passed all this bad work. My soliciter says I cannot do this, until the court case with the builder is over, and this could be in one, two or three years. I feel I cannot go on much longer, as my conditions are bad, and all I seem to do is pay out for different advice which is getting me nowhere.

Can you suggest any associations or voluntary bodies who might help or advise me?

It should be possible to get your case brought to trial in a much shorter time scale than your solicitors have suggested. It would be appropriate to sue the surveyor as a defendant in the same action, provided that you are proceeding against the builders. We think your better course would be to consider changing your solicitors. Unfortunately there is no means for a voluntary body to conduct your litigation; this can only be done by you personally or by solicitors on your behalf.

Shares for the boys

I separated from my wife five years ago when we signed a separation and maintenance agreement which has been approved by the claims section of the Inland Revenue including subsequent increase in the maintenance amount paid to her. We have two boys of 15 and 11 under joint care and maintenance. In 1982 a court order for their maintenance (under section 6 of Domestic Proceedings and Magistrates' Court Act 1978) was given for a sum of £1,750 each. This was increased to £3,500 each in 1984. They are being individually assessed on these sums after getting the personal allowances. My question is, can the Revenue object to all or part of these sums be spent by or on behalf of the boys to acquire shares in quoted companies. In other words, for tax purposes, is one obliged to spend these sum only on maintenance as in the court order or can capital be accumulated on their account and clearly shown on their yearly claims for refunds?

Provided that the boys' money and investments are kept quite separate from your own (and your wife's) there should be no problem in investing their savings, from the tax angle. Bear in mind that the investments should be suitable for realisation when the need for extra expenditure arises, during their minority. Essentially long-term investments (particularly for the 15-year-old) might be interpreted as implying an element of bounty in the agreed increase in the court order, trigerring attack under the parental-settlement provisions of section 437 of the Income and Corporation Taxes Act 1970.

Tax on pensions

I shall be retiring to the Isle of Man where I shall become a permanent resident, and sever all links with the UK. Would you please advise me whether I shal still pay UK tax on (a) my pension payable under the Teacher's Superannuation Acts; and (b) my UK State retirement pension.

(a) Yes; (b) No, by virtue of an unpublished extrastatutory concession. Double taxation relief wil be allowed. Ask your tax inspector for a copy of the free booklet IR20 (Residents and non-residents: liability to tax in the UK).

Party that led to success

NURSING sister Ann Levick did not know what she was letting herself in for when she and her husband decided to invest £150 in a sewing machine.

The idea was that together with another couple they would set up a company to manufacture and sell clothes to treat victims of burns accidents but Levick did not rate their chances. The two couples had previously investigated a range of business proposals from renovating write-off cars to marketing smoked chickens; none of those had come to anything and Levick did not expect this one to be any different. She was wrong.

Within six months she was forced to give up her nursing career to concentrate on her role as the company's managing director. Today, seven years later, the company, Pan Med, employs 37 people. Last year, it recorded pre-tax profits of £30,000 on turnover of £350,000. Growth is such that export targets set last September for this financial year have been quadrupled and total turnover is expected to increase by about 30 per cent this year.

The success is largely due to Levick. Her three original partners never worked full-time for the company and each of them, including her former husband, from whom she is now divorced, have sold their stakes in it. Yet when Levick first started in the business she knew nothing about burns injuries, she hated sewing, the main task of the company's employees, and in business affairs she was, on her own admission, out of her depth.

Levick, now 40, stumbled on the idea for the business at a party when she met a physiologist who had been employed by Odstock Hospital in Salisbury to research into how the supplies of burns injury garments could be improved. In 1978 the garments, which reduce scarring and the need for corrective plastic surgery for burns victims by applying steady compression on the affected area, had to be imported.

Making and selling the garments appealed to Levick and her three prospective business partners because they could be made with basic sewing skills, there was no British rival and the start-up costs were low.

After talking it over—only half seriously at first, says Levick—they decided to give it a go. Each couple contributed a sewing machine and Levick arranged for several local women to tailor the garments in her dining room and as outworkers in their own homes.

Second time around

Within six months the company had made enough sales to put down a £10,000 deposit on a £30,000 factory on the Churchfields industrial estate in Salisbury. It was clear by then that someone would be needed to run it full time. Three of the partners were not interested, two because they wanted to continue their careers in medicine and farming, the third because she was pregnant. That left only one possibility.

"I loved nursing and after 16 years in the profession it was a wrench leaving," says Levick. "But I felt a responsibility to our outworkers, one of whom at the age of 57 had given up her job and pension rights in the Odstock Hospital sewing room. I knew that running the company would be difficult but I found the challenge exciting."

Levick smiles when she thinks back on her lack of experience and knowledge in business. "Even after a couple of years I had no idea about some of the basic concepts. Someone once asked me what my corporate strategy was. I didn't have a clue what he was talking about.

"Usually I found the best policy was to admit my ignorance. In most cases people then took the time to explain."

The garments were at first made by domestic sewing machines rather than the industrial ones Pan Med uses today and Levick admits they were "pretty rudimentary." Marketing was little better, consisting largely of the distribution of leaflets run off on a duplicating machine.

Pan Med was able to survive because of the lack of UK competition and because of the nature of its market. "Plastic surgeons are a small, close-knit group and word quickly spread around the country of our existence," says Levick.

These advantages—together with a decision by Seton Products, one of Pan Med's materials suppliers, to place regular orders with the company for a range of garments to sell through its own distribution network—meant that in the first three years sales grew at an average rate of 100 per cent a year.

But if turnover grew so did outgoings and by August 1981 the company was in trouble. It was then that Levick was summoned to see her bank manager Arnold Harrison.

"Until then we had taken things fairly easily. He told us that we had great potential but if wanted to survive we would have to buck up our ideas. He wanted to see monthly figures of our sales and spending.

"We responded quickly. Six months later he called me in to look over the figures. 'Do you realise what this means,' he said. I didn't of course. He told me we were now making a profit. Even then it took a while for the importance of what he had said to sink in."

Helping burn victims: Ann Levick

In the four years since, Levick has increased her knowledge of business but expanding profits have also enabled her to buy in expertise. Her most notable recruit is Arnold Harrison himself who has left the bank and is now Pan Med's finance director and owner of 15 per cent of the company's shares.

Another appointment, that of a marketing manager two years ago, has enabled Pan Med to increase its share of the burns injury garments market in the UK to about 60 per cent and to diversify its output. The company's 15 products, all medical aids, include support garments for general surgery and orthopaedic patients.

As the managing director and owner of 54 per cent of the shares of a company worth about £250,000, Levick enjoys a lifestyle which would have been well beyond her reach had she remained a nurse. As well as spending about half her time abroad building up markets, which she enjoys, she can also look forward to a new company car every other year and can afford two houses, one in Salisbury and one in London. However, she says the financial rewards are not her driving force. "What motivates me is sheer self achievement.

"In nursing nothing worried me. I had trained for it and by the end I did it well. To come here involved at least three years of anguish and stress, wondering if the company was going to make it.

"Nevertheless it has worked and I am proud of what I have done. It gives me an enormous feelin gof satisfaction to know that I have built up this company largely through my own efforts.

"It appals me when I think that had I not gone to that party in 1978 I would have remained in nursing and missed out on all of this."

Mike Smith

Beware of offshore shoals

OFFSHORE funds have long been a favourite investment medium for expatriates. A glance at the "offshore and overseas" prices in this newspaper shows that there is no shortage of choices.

However, the Finance Act 1984 made important changes to the tax treatment of income and gains from such funds, effective from January 1 last year. Now, expatriates must exercise great care when selecting their investments.

The purpose of the legislation was to plug a loophole created by offshore "roll-up" funds. The income on these investments is not distributed but accrues within the fund, providing growth in the unit price instead. By this means, UK residents could convert income which might otherwise be subject to tax at rates of up to 60 per cent, into capital gains chargeable at a maximum of 30 per cent.

The new rules are not only highly complex but also very widely drawn, and many managers were concerned to find that funds they certainly had not considered to be vehicles for tax avoidance were affected. They do, in fact, apply to overseas companies (subject to certain relaxations), overseas unit trusts and all similar co-ownership schemes. On the other hand, they do not apply to overseas life policies, since they are subject to other provisions.

As a result of these changes, gains realised from such investments by UK residents are chargeable not to Capital Gains Tax but to income tax unless the fund concerned has been approved by the Revenue as a "distribution fund." In that event, CGT applies in the normal way.

The conditions to be met before distributing status can be granted are complex, the primary requirement being that the fund distributes not less than 85 per cent of its income every year. As approval is granted only annually in arrears, the investor cannot know for certain whether a fund will qualify.

While he remains non-resident, the expatriate is entirely unaffected by these changes and can continue to realise his gains without any liability to UK tax. But once he resumes residence in Britain there are dangers lurking, as the following example demonstrates.

On January 1 1982, Mr Brown invests £10,000 in an offshore fund. One January 1 1985, he becomes resident in the UK and,

Expatriates

shortly afterwards, sells the holding for £20,000. The fund did not have distributing status, the value of his investment on January 1 1984 being £17,000. Mr Brown's top rate of income tax is 60 per cent.

	£
Sold 1985	20,000
Bought 1982	10,000
Total gain	10,000
The pre-1984 gain is: £17,000 less £10,000	7,000
Deduct Capital Gains Tax exemption	5,900
Gain	1,100
Capital Gains Tax on £1,100 at 30 per cent	330
(Indexation relief is due but is not illustrated)	
The post-1983 gain is: £20,000 less £17,000	3,000
Income Tax on £3,000 at 60 per cent	1,800
Total tax liability	2,130

The gain which accrued before the new rules came into force is chargeable only to CGT, but the subsequent gain suffers income tax. Notice that the important date for the change of tax treatment is January 1, 1984, which ignores the period of Mr Brown's non-residence.

Consequently, expatriates acquiring such investments after December 31 1983 will have an even worse position when they return home.

Assume that Mr Green returns to the UK permanently in 1986, following which his income attracts tax at the top rate of 60 per cent. In 1984 he invested in a non-distributing offshore fund, which he sells shortly after returning. His tax position is as follows:

	£
Sold 1986	20,000
Bought 1984	10,000
Gain	10,000
Tax liability: Income tax £10,000 at 60 per cent	
Tax due	6,000

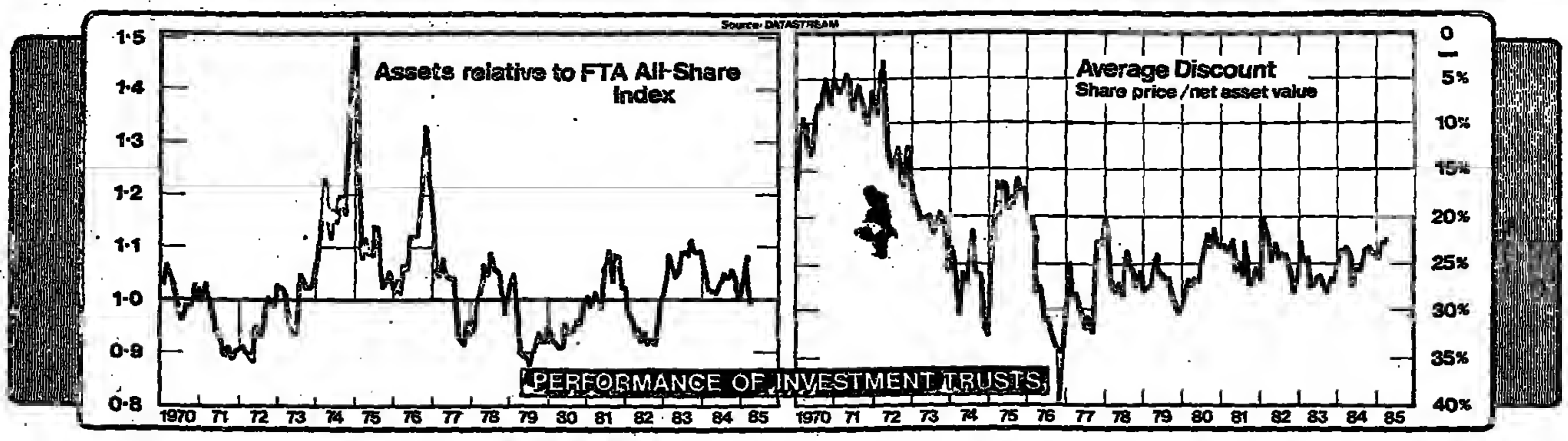
Had the fund qualified as a distributor, he would have been much better off.

	£
Sold 1986	20,000
Bought 1984	10,000
Gain	10,000
Gain after indexation relief, eg	9,000
Gain after indexation	
Tax liability: Capital Gains Tax on the first £5,900	Nil
Payable at 30 per cent on £3,100	930
Tax due	930

Both Mr Brown and Mr Green could have avoided all liability on gains accruing while they were expatriates by selling their investments before resuming UK resident status. In relation to any shareholdings they wanted to keep, a "bed and breakfast" transaction (the efficacy of which has been reinstated by the Finance Bill 1985) before returning to the UK would achieve the same result.

Donald Elkin

WEEKEND FT REPORT



INVESTMENT TRUSTS

Despite the persistent bull market, the investment trust sector has failed to recover from the slump in its popularity in the mid-1970s. Yet it has survived almost intact as the fourth largest stock market sector with £15.5bn of assets under its control. A major shake-up and contraction however now seems to be getting under way.

City revolution feeds uncertainty

BY CLIVE WOLMAN

THE INVESTMENT trust sector, the fourth largest of the stock market, is one of the outstanding puzzles of the UK's financial system.

Investment trusts control £15.5bn of assets, overwhelmingly in quoted shares and other easily marketable securities, and account for 5.5 per cent of UK stock market capitalisation. Yet despite the appearance of strength and the resilience of the current bull market, the sector has not been able to recover the loss of popularity it suffered in the 1973-74 stock market collapse.

For the past 12 years, the value that investors have placed on investment trust shares has constantly been 20 to 40 per cent lower than the value they have simultaneously placed on the underlying assets held within the trusts.

None of this is meant as a warning to investors to steer clear of the sector. On the contrary, for investors seeking exposure to UK or overseas stock markets through a diversified and professionally managed portfolio, investment trusts represent far better value than either unit trusts or life assurance with their inflated management and marketing fees, even if they survive indefinitely.

But the profit potential of a stake in investment trusts is enhanced by the probability that, in the forthcoming Stock Exchange and financial services upheaval, the sector in its present shape and size will come increasingly under threat. The recent upsurge of corporate activity is a pointer to the future.

The large discounts of investment trust share prices to their net asset values are the source of both their attractiveness and their vulnerability. They demonstrate a persistent oversupply of trusts in relation to demand.

But why has demand for investment trust shares, which fell off sharply in the stock market crash of 1973-74, failed to pick up in any of the strong bull markets since that period? And why have the large and enduring discounts failed to serve as a market signal to predators to move in and liquidate the trusts?

The answers to both these questions has to do partly with the regulatory and fiscal environment and partly with the practices and inhibitions of the City of London's (and Edinburgh's) investment managers.

For the last quarter century, the tax system has provided a powerful boost to investment through insurance companies and pension funds, at the expense of direct share ownership by individuals in investment trusts and other companies. But it is also the tax system, in particular the capital gains tax liability that normally crystallises on a company take-over, that has deterred those insurance company investors with sufficient resources to initiate a substantial contraction in the sector.

Similarly, the restrictions on the marketing of company shares in the UK have allowed unit trust and investment-oriented life assurance to take an increasing share of the money of would-be stock market investors, again at the expense of the investment trusts. In particular, investment trusts are unable to hand out commissions to encourage brokers and salesmen to advise their clients to invest in their shares.

But investment trust managers should be grateful for another set of regulations, those imposed by the Takeover Code. They have made the takeover and liquidation of investment trusts a much riskier and more expensive business in the UK than in the U.S. The "closed-end fund" sector across the Atlantic has shrunk sharply in the last decade and with it the discounts of share prices to asset values.

The upshot is that the tax rules and other regulations have both helped preserve the investment trust sector while at the same time undermining the very demand which could justify its preservation.

Responsibility for the present anomaly-ridden situation lies equally with those who have become the most powerful force in the UK's financial markets, the institutional fund managers of insurance companies and pension funds. Their reluctance to take up the slack created by the exodus of small private investors from the sector over the last 12 years has driven down the trust share prices.

The fund managers say that they do not require the services of an investment trust with just another generalist investment manager. He adds nothing to their own expertise, they say, and is either duplicating their own investment decisions—or, equally likely, contradicting them. In these circumstances, the institutional fund managers claim, they could not justify to their policyholders or beneficiaries the payment of a second set of investment management fees—unless there is a substantial discount.

Thus investment trust share prices are depressed to that level below net asset value at which they fully reflect the discounted present value of the future stream of management fees (and dealing costs). This was the argument in a paper published last year by Professor Simon Keane of Glasgow University.

He suggests that investment trust share prices are valued so cheaply because stock market investors believe that investment trust managers add no value in terms of investment performance despite all their activity, their management fees and their dealing costs.

The latest investment performance figures published by Edinburgh stockbrokers Wood Mackenzie support Professor Keane's hypothesis. Over the past year to May, investment trust managers achieved 5 per cent lower total returns on their assets than would have been achieved by investing on a non-discriminatory (but weighted) basis in the entire FT-All Share index. Against the other bench-mark, the Capital International World Index (sterling adjusted) the under-performance was 8 per cent.

Over the five-year period, the under-performance was less severe but perhaps more telling. Compared to the All Share index, the investment trust returns were lower by a rate of 0.55 per cent per year. Compared to the Capital International World Index, the under-performance was 2.2 per cent per year.

This type of result of small but persistent under-performance by a margin more or less sufficient to cover dealing costs, is familiar to the trustees of pension funds who review their managers' records.

However, the existence of the discount on investment trust shares (which boosts the dividend yield) served to produce a total return on investment trust shares which was well ahead of the All Share index by 2.3 per cent per year over five years—although it fell behind in the last year.

So far, so good for the rationality and efficiency of the stock market. But the other criterion of stock market efficiency is that a company whose shares are persistently priced well below its asset or break-up value should attract a take-over, leading either to the replacement of the managers, or to the sale of the company's assets.

But investment trus[t]
until now enjoyed an in
which cannot be ex
merely by reference to
system. As Mr Ian Her
investment manager
London and Manchester
says: "The inefficient
manufacturers were tak
long ago. But there a
many trusts around
require attention."

CONTINUED ON PA[GE]

Corporate activity in 1985

Announcement Date	
JANUARY	Shires—Convertible Issue/Warrants Issue.
	New Tokyo—Rights Issue.
	Pacific Assets—New Issue/Warrants Issue.
	St Andrew—Bid by Ecclesiastical Insuranc[e]
FEBRUARY	East of Scotland Onshore—Bid by IFICO.
	German Smaller Companies—New Issue/W[arrants] Issue.
	London and Strathclyde—Undisclosed Bid.
	London Trust—Policy Change and New M[anager] —Hambrecht and Quist.
	River Plate and General—Potential Limite[d]
MARCH	Drayton Premier—Policy Change to [...] Growth.
	Plantation Trust—New Issue/Warrants [...] Convertible Issue/Potential Limited Lif[e]
	Second Market—Rights Issue.
APRIL	British Empire Securities—Rights Issue.
	Martin Currie Pacific—New Issue/Warrant[s]
	General Consolidated—Policy Change to [...] Growth.
	Murray International—Policy Change to [...] Growth.
	Smaller Companies International—Policy [...] to Capital Growth with continued [...] Smaller Companies.
MAY	Candover—Attempts to win Managem[ent] London Trust.
	Temple Bar—Existing Management mo[...] Guinness Mahon.
	Nordic—New Issue.
	Scottish Northern—Proposed Policy C[...] Warrants Issue/Management Change t[o] castle Assets.
	Investors Capital—New Investment Manag[...] plans to create Management Group.
	Aberdeen—Planned Unitisation.
	British American and General—takeover b[y]
	British American and General—Acquisi[tion] Portfolio from NEA.

Source: Wood Ma[ckenzie]

CONTENTS

Financial Times Saturday June 22 1985

INVESTMENT TRUSTS 2

Subtle shifts to intervention

Institutional investors

CLIVE WOLMAN

AT THE root of the survival problems that have confronted investment trusts increasingly over the past 12 years is the loss of interest in their services on the part of their largest potential clientele.

That clientele is made up of the UK's major institutional investors, the pension funds, insurance companies and, to a small extent, unit trusts. It was their dwindling interest that was primarily responsible for the humiliating 20 per cent to 40 per cent fall in investment trust share prices compared to net asset values in the mid-1970s from which the sector has never recovered.

The institutions were generally willing to make up for the exodus of private investors from the share registers of industrial companies in that period, particularly when the stock market recovered in 1975. However, investment trusts were slow to carve out new roles for themselves to cater for the institutional investor.

In the immediate post-war years, insurance companies found investment trusts the most appropriate vehicles for exposing a part of their policy-holders' funds to the equity market, as they lacked equity fund management expertise in house.

Over the past 20 years, however, that expertise has been developed as the funds managed by the institutions, particularly the pension funds, have mushroomed. There seemed little purpose in fund managers' paying to have their decision duplicated by investing in the stock market through investment trusts rather than directly. Only when trust shares fell to discounts of around 30 per cent to their net asset values did they become attractive.

Conversely, any narrowing of the discounts on investment trust shares beyond a limited range has generally been greeted by a wave of institutional selling which kept the proportion of their assets in investment trusts below what would be justified by their stock market capitalisation compared with that of other UK-quoted companies.

About 40 to 45 per cent of investment trust shares are estimated to be held by insurance companies with another 15 per cent in the hands of pension funds.

It is possible to identify three different types of institutional investor according to their investment trust strategy: the passive long-term investors; the aggressive traders who are seeking actively to contract and restructure the sector by forcing weaker trusts into liquidation; and the more pragmatic behind-the-scenes shareholders who are supportive of selective reforms.

Into the first group fall the more conservative actuarially-led institutions that view their investment trust stakes as long-term holdings in what they judge to be well-managed companies. From their investments, they expect to receive an above-average yield over 20 years or so because of the size of the discount of share prices to net asset values. They will rarely support takeover bids unless they are approved by the trust boards.

Sometimes, they feel locked into their existing stakes by the large capital gains tax (CGT) bills that would crystallise if ever they sold their shares.

The largest insurance company investors in this category include Pearl Assurance and Scottish Widows. Several pension funds also appear despite their lack of tax problems.

The National Coal Board and Mineworkers' pension fund, for example, has bought up substantial stakes in investment trusts over the last four to five years, particularly the Alliance Trust, Globe Investment Trust and the Drayton-Montagu and Murray Johnstone stables.

According to the director-general of the investment department Mr David Prosser: "We tended to go for general trusts with a large UK content. The size of the discount was crucial, although management performance also came into it."

Three types of institutional investor (left to right): Mr David Prosser, managing director of the investment department of the National Coal Board and Mineworkers Pension Fund, Mr Ian Henderson, general manager (investments) of the London and Manchester Group and Mr Hugh Twiss, manager of the Save & Prosper Investment Trust Units Fund.

Although he thinks trusts ought to find more suitable market niches, he has little interest in corporate activity. "We are in the investment business, not in winding up trusts," he says.

In fact his pension fund's 28 per cent stake in Drayton Premier Investment Trust, the worst performing fund in its sector over five years, is often cited by critics as an example of how interlocking directorships and cross-holdings within the sector have preserved trusts which ought to have disappeared long ago.

On the board of Drayton Premier sits Mr David Stevens, chairman of United Newspapers, in which Drayton Premier and another Drayton Trust have large shareholdings.

Mr Prosser however denies that such City connections explain the NCB pension fund's reluctance to bid for, and liquidate, Drayton Premier, thereby realising a 35 per cent profit on its holding. "I am not aware of any pressure from those sorts of links," he says.

Into the second category of aggressive deal-makers, only one name has appeared consistently over the past four year, that of Mr Ian Henderson, General Manager (Investments) of the London and Manchester Group. He manages his funds, which include many large inherited investment trust stakes, from Exeter. "We are a little remote," he says. "But I have never been based in the City so I'm not part of the old boy network which pressurises people into not rocking the boat."

Another player, Mr Matthew Oakeshott, investment manager of Courtaulds pension fund, who initiated two deals in 1981 to 1983, has kept away from the sector recently except for one short-lived incursion involving the purchase and sale of a large stake in Scottish American Investment Company.

It is the third category, however, into which most institutional investors in the sector fall, although the trend has been towards a more activist policy. One example of a shift towards a more activist policy has been that of the £260m Save and Prosper Investment Trust Units fund. Manager Mr Hugh Twiss explains: "Our policy has really arisen over the past five years as a result of the flack we came under for our poor performance, which suffered when the discounts widened.

"We take the view that there are too many investment trusts, although we are not in the business of getting rid of them all," he says. "We want policy changes. Only the trusts which are well managed should survive."

Mr Twiss has in the past formed the nucleus of opposition to the boards of Anglo Scottish Investment Trust and the U.S. Debenture Corporation. He was also active in organising a dissident group of London Trust shareholders which led to its take-over last month by Hambrecht and Quist. This was an example of how trusts can serve institutional investors more effectively by turning themselves into sub-contractors covering specialist sectors in which the institutions have no expertise.

The shifts towards a more interventionist policy, prompted by the current spate of corporate activity, are usually subtle and can take a long time to become apparent. But investors who are likely to make life more difficult for mediocre investment trust managers and boards in the near future include Guardian Royal Exchange, Standard Life, Sun Life and Postel Investment Management.

Greater interest from U.S.

Foreign investors

STEFAN WAGSTYL

WHEN Ivan Boesky, the Wall Street arbitrageur, bought into Cambrian and General Securities three years ago he was viewed as a pioneer of U.S. interest in UK investment trusts. Now it appears that the ground he staked out is being occupied far more slowly by American investors than had been expected, at least by many of followers of the investment trust market.

Nevertheless, many City analysts believe that as U.S. investors gradually take more note of overseas investments, they will warm to UK investment trusts, particularly if American corporate activity in the sector continues to increase.

Already this year:

- Hambrecht and Quist, a U.S. investment bank has made a bid to takeover London Trust, which has £100m of assets, and has plans to liquidate the portfolio and invest it in U.S. venture capital positions.
- Mutual had also bought 13 New York mutual fund managed by Herzog Heine Geduld, has bought a 28 per cent stake in Winterbottom Energy, a trust specialising in U.S. oil shares.
- Mutual has also bought 13 per cent of British American and General Trust (BAGS) before it lost a £63m take-over bid from Shires Investment.

These three corporate forays highlight the fundamental attraction of investment trusts for U.S. investors—the 22 per cent average discount of a trust' market capitalisation on the value of its underlying assets. Comparable U.S. investment vehicles—close-end funds—trade on 5 per cent discounts.

As in the UK, there are investors in the U.S. who believe UK discounts are too large and must fall. Mr Thomas Herzfeld, a U.S. specialist in the sector, says that UK trusts could go the way of many U.S. closed-end funds liquidated over the last 10 years, bringing down discounts from a level of 25 to 30 per cent in the mid-1970s.

Mr Herzfeld believes that the City revolution, in particular negotiated brokers' commissions, could drive institutional investors to attack weaker investment trusts.

Nevertheless, it is not just the hope of takeover activity that draws Mr Herzfeld and others to investment trusts. UK brokers believe that apart from the discount that the main attraction of UK trusts is the skill of the managers.

Mr Richard Green, who follows the sector for broker James Capel, says that UK managers have a very long tradition of investing worldwide which is missing in the U.S., where managers have concentrated almost exclusively on the domestic front.

There are, however, specific risks in investment trusts which are not shared by their UK counterparts.

First, one of the attractions of trusts is that capital gains made by the company are not taxed by the Inland Revenue. However, if more than 50 per cent of a trust falls into U.S. ownership then the American Internal Revenue Service rules that it must be taxed under U.S. law and the tax advantages of a trust disappear.

Mr Boesky, for example, has carefully kept his voting stake in Cambrian and General Securities below 30 per cent to minimise the risk of crossing the 50 per cent threshold.

Another concern for U.S. investors is the exchange rate. Clearly risks can be hedged but the recent volatility of the dollar-sterling rate has inevitably persuaded many U.S. investors to wait until the markets are more stable.

Thirdly, and probably most importantly, U.S. investors have a long-standing reluctance to invest abroad. While certain well-known UK companies, such as ICI and Glaxo, have gathered shareholders in the U.S., it is far more difficult for investment trusts, which are so much less visible, to do the same.

So far then, the amount of U.S. money coming into investment trusts is very small, compared to the total market capitalisation of the sector of £18bn.

INVESTMENT TRUSTS 3

Rude awakening for sleepy boards

Management groups

BARRY RILEY

LAST MONTH the independent £190m Investors Capital Trust of Edinburgh announced that it was hiving off its in-house management team into a separate management company which will bid for business from external clients.

At the end of last year, another Charlotte Square Trust, the Edinburgh Investment Trust, announced that its management company was taking charge of two Dundee trusts and emphasising its wider ambitions with a change to the more distinctive name of Dunedin Fund Managers.

These are just two recent examples of the shake-up which is affecting the management of investment trusts as they come under increasing competitive pressure.

Traditionally, many trust boards of directors took the view that cheap management was good management, and either ran a shoestring operation in-house or contracted out the responsibility to a large organisation.

Today, however, even the sleepiest boards are aware that they must get into the performance business, and promote themselves in an over-populated market. The challenge is to find top quality managers who are capable of running trusts according to various specialist formulae, usually with a strongly international orientation.

The problem is that such individuals are not usually shrinking violets willing to devote their lives in loyal service in an obscure investment trust, but are ambitious people seeking not only substantial financial rewards but also a career structure and a degree of personal recognition within the investment community.

This search for fame and fortune is forcing a complete rethink at many investment trusts. Their boards are having to recognise that such managers need to be not just in investment trusts, but to be able to respond to opportunities in the investment business as much more broadly defined.

Once this is realised, many things become possible. For example, investment management can cease to be simply a cost for an investment trust, but can start to become an asset when it is marketed as a service to a wider clientele.

The availability of more buoyant investment flows from pension fund and unit trust clients can create more attractive prospects for fund managers than are normally available in the generally static investment trust sector.

When costs are spread across bigger portfolios it becomes possible to afford more expensive investment expertise covering fields like technology, energy, the U.S. and the Far East.

Fund managers can be offered the possibility of equity participation. Ivory & Sime, Henderson Administration and Edinburgh Fund Managers have all gone public in the past two or three years, producing sizeable fortunes for certain key executives.

Several other investment trust management companies, such as Foreign and Colonial or John Govett, are also partly owned by executives as well as the trusts, and could come to the market in the right circumstances.

But public flotation is by no means to everybody's taste. Some management firms, like Baillie Gifford and Martin Currie, both of Edinburgh, prefer to operate as partnerships. The partnership structure offers stability and direct participation both in management and profits (though it does not hold out any prospect of quick capital gains).

Many boards of investment trusts will be suspicious of the potential problems of public flotation. The situation can easily arise where there exist three major categories of shareholders in the management companies, the trust themselves, the fund management executives, and the general public. This can introduce important potential conflicts of interest.

The trusts, for example, are responsible to their own shareholders for ensuring that management charges are economical, and they must be prepared to switch managers if performance is poor. But this would undermine the value of their shareholdings in the management company; and the public would also take a dim view if contracts were terminated by the management company's original promoters, even if this were strictly allowable in terms of small print in the management contracts.

Certainly, trust directors are responsible for ensuring that top priority is given to the management of their assets. In contrast, executive shareholders in the management firm will have an incentive to get as big as possible by securing new clients.

At some point, the advantages of greater depth of management resources, and more efficient spreading of costs, could be cancelled out by dilution of quality and a loss of continuity of management.

The investment trust sector has already seen one major dispute, when in late 1983 Anglo-Scottish Investment Trust and Group Investors sacked Gartmore Investment Managements and awarded contracts to two former Gartmore executives, who formed a new company called CS Investments.

Two lessons can be learnt from that event. One is that large investment management companies can become unstable and split apart (there has been a regular stream of executive departures from Ivory & Sime, for example). The second is that links with financial conglomerates can create problems—the two CS executives, Mr Eric Crawford and Mr Sam Stevenson, had left Gartmore because a majority stake had been bought by Exco International.

The City of London is preparing for a structural revolution and it is unlikely that investment management companies will find it easy to maintain their reputations if they are closely connected with the market-making, distribution and corporate finance activities of the new integrated securities market groupings.

This poses the question of the future of merchant banks like Robert Fleming and Kleinwort Benson in the investment trust sector. Their fund management businesses will certainly be split off physically from their other operations, and there may also be pressure for independence of ownership too.

Merchant banks could therefore begin to follow the general pattern whereby investment trusts are run in family groups by independent management companies.

But increasing competition for top fund managers could bring unaccustomed instability to the sector.

Trend is to slot into the lucrative niches

Decline of the generalists

ALEX NICOLL

ALL THE recent policy switches of investment trusts have one common characteristic: do away with outmoded general trusts, and create dynamic specialists.

Lately, however, there has been a realisation that it is not quite so simple. For a start, the sector discount has not noticeably narrowed as a result of all the changes—though naturally there are a number of specialist trusts on low discounts or even premiums.

Secondly, specialisation only brings the desired rewards if the industrial sector concerned stays out of the doldrums, or if the geographical sector's stock markets remain buoyant—and in that case, if the portfolio's gains are not eroded by currency losses.

Mr Ian Henderson, general manager of the London and Manchester Insurance group, who has acted as the catalyst for many trust shake-ups last year created a new form of specialisation, investing in other investment trusts, when he took over the Nineteen Twenty-Eight trust.

This year, he is set to become a director of London Trust, as its £100m portfolio is redirected into U.S. venture capital companies under a new management.

Mr Henderson, however, argues that "there is a continuing place in many types of portfolio for the well-managed general trust." A diversified spread is good for small investors and small funds which cannot afford their own managers.

"Any form of specialisation gives up some degree of the flexibility in a trust's structure," says Mr Henderson.

The inherent advantage of an investment trust is that it can shift around its portfolio without paying capital gains tax. It can borrow. And it is not forced to sell its investments if shareholders sell their shares—as a unit trust is if a unitholder sells out.

Any effective investment trust manager, it could be argued, should make full use of these benefits regardless of whether the policy is specialist or general.

The key is to have a stated investment policy which clearly sets out a trust's goals. Even the pursuit of above-average income has become regarded recently as a form of specialisation and a highly popular one.

Of the more established specialisations, trusts investing in Japan have clearly been the most successful. It takes years to acquire an adequate understanding of the Japanese market. Of the eight trusts specialising only in Japan, two (GT Japan and Crescent Japan) top the Association of Investment Trust Companies league table for return on assets over five years.

But the experience of the Japanese trusts highlighted the danger that swings in fashion will create an oversupply. Over the past 18 months, the discount of the share prices of several trusts has widened from close to zero to 10 to 15 per cent.

Among other specialisations North America has also proved successful — though whether choosing a general American portfolio is a specialist skill nowadays would be debatable. Technology is another popular area for specialisation, yet to be fully tested. Natural resource trusts have generally been unsuccessful.

Recently, the trend has been towards filling niches. Examples are the German Smaller Companies, Second Market (investing in French smaller companies), plantations and Scandinavia.

This trend is likely to continue, whether through the [illegible]

Why the predators are holding off

Corporate activity

CLIVE WOLMAN

WHAT is most remarkable about the current spate of take-over bids, mergers, management group re-organisations and other forms of corporate activity is not that they are happening now but that they have not been continuing at a steady pace for the past decade.

A company with a share price languishing for 12 years at a discount of between 20 and 40 per cent to the value of its easily marketable assets would normally attract a swarm of predators like a carcass attracts jackals. If there were no financial or social constraints, like mass redundancy costs arising from the liquidation of the company and the sale of its assets, it would become easy prey.

Yet this has been the position since 1973 of nearly all the 180 companies that make up the investment trust sector with their £17bn of assets.

What has prevented market disciplines and pressures from forcing the sector to contract until supply is brought into line with demand and the discounts more or less disappear? Also are the recent takeovers merely another cyclical phenomenon that will shortly pass or do they amount to the start of a longer-term trend?

The most common explanation is that takeovers and liquidations are difficult because the largest holders of investment trust shares are other financial institutions, pension funds and insurance companies. They are often managed by the same teams of people, in the City of London or in Edinburgh, as those who manage the investment trusts (for substantial fees).

Even when they are not, those who would normally help initiate the takeover of a run-of-the-mill industrial company are enmeshed in a web of professional and sometimes social relationships with other City institutions which constrain their freedom.

Mr Garth Milne, of stockbrokers Laing & Cruickshank, has been chief matchmaker behind most of the recent corporate bids and deals. He believes that in the past stockbrokers have been deterred from involvement in take-over bids for investment trusts managed by merchant banks and other City institutions for fear that their other fund managers and corporate finance departments would stop dealing with them. "But the link-ups and new relationships between merchant banks and stockbrokers have been overcoming this hesitancy," he says.

The position is similar north of the border. According to one fund manager: "It is difficult for many Scottish insurance companies to mount bids for investment trusts when you look at how many people are on the boards of both. It is subtle, but an argument can always be put forward in favour of the status quo."

More mundane factors also constrain the activism of institutional investors, including inertia and low staff levels. "You have to spend an enormous amount of time on a take-over," says Mr Clive Gilchrist of the £9bn Postel fund. "It causes a lot of trouble and hassle."

Mr Hugh Twiss, manager of the £980m Save and Prosper Investment Trust Units, suggests that the publicity and controversy generated by a hostile takeover bid also deters the normally low-profile institutional investment managers.

"The boards of investment trusts and other financial institutions are incestuous," he says. "But even without that, very few fund managers are prepared to go up front. At most they say they will support you provided they are not seen taking too public a role."

He is therefore sceptical about the resilience of the recent activist trend. "Activity tends to go in fits and starts," he says. "But it is small compared with the amount of hot air. Perhaps one twentieth of the deals discussed are actually implemented."

Other fund managers and stockbrokers however, feel that a fundamental change is now taking place. The reform of the Stock Exchange next year, the new corporate alliances and the competitive profit-oriented atmosphere that has been engendered is responsible.

Mr Ian Henderson, investment manager of the London and Manchester Group, has been the initiator of most investment trust takeovers in the past four years in association with Laing and Cruickshank and Mr David Reid of County Bank, one of the few merchant banks which manages no investment trusts.

Mr Garth Milne of stockbrokers Laing & Cruickshank: chief matchmaker behind most of the recent corporate bids and deals

"People are feeling less inhibited about actions that might not be friendly," says Mr Henderson. "The old relationships no longer seem to count for much."

Nevertheless there are other important constraints on the efficient working of market forces, in particular tax. Many insurance companies, who hold nearly half of all investment trust shares, are almost locked into their existing holdings by the large capital gains tax bills (CGT) they would have to pay if they sold stakes acquired perhaps 20 or 30 years ago.

The standard method of avoiding a realisation for CGT purposes in a takeover bid is to accept the shares or bonds offered by the bidding company. But pension funds and the policyholder funds of insurance companies cannot offer any such paper if they launch a bid.

Instead they can encourage an industrial company to bid by issuing new shares. Several smaller companies, such as the British Printing and Communications Corporation, have recently resorted to such "disguised rights issues." But, as Mr John Barfield, assistant general manager of Standard Life, says: "The problem over the past one or two years has been the quality of the paper on offer."

Large, blue-chip companies have been deterred from making such issues as a result of the protests made against such a move by Barclays Bank seven years ago on the grounds that it was unfair to existing shareholders.

An alternative is for the bidder to convert the fund into a unit trust, allowing shareholders to cash in their units at close to asset value whenever it is most suitable. But this approach can leave some of the funds in the hands of a poor manager.

London and Manchester, which itself has a major CGT problem with many of its holdings, last July introduced another solution. It won majority control of the 1928 Investment Trust but has kept its stock market quotation.

It is prepared to use 1928 to mount takeover bids for other trusts, offering 1928 paper where necessary and exploiting the CGT exemption granted to the internal gains of investment trusts. So far, however, 1928 has seen little takeover action and its shares languish at an 18 per cent discount.

Nevertheless, several insurance companies say that CGT is not a major problem. The average rate of CGT faced by Sun Life Assurance Society for example is under 15 per cent because of its mix of tax-exempt pensions and life insurance business. Even then, with the help of the indexation provisions and gilt-market trading, most of its CGT liability can be mopped up.

The various obstacles and inhibitions, however, have meant that a bidder for an investment trust has normally been forced to offer close to 100 per cent of net asset value in cash and a premium to net asset value in paper.

This requirement has deterred many potential bidders. According to Mr John Webster, investment manager of Sun Life: "In the past the institutions held out for too much and set a precedent for future bids. This has made it hard to do anything."

"There is a degree of greed in asking for full asset value," says Mr Jim Finlay, of Prudential Assurance. But he believes the price is coming down. For example, the bid for the London Trust last month was made at only 90 per cent of asset value. This is partly because of the fund's large portfolio of unquoted securities.

Investment in unquoted securities were often believed to be a way of making a trust bid-proof because of the difficulties of selling them. But the poor returns achieved by the London Trust and by Scottish Northern, both of which last month were the victims of a management takeover, highlights the pitfalls of this approach.

And the move by the British American and General Trust into U.S. unquoted technology stocks, also last month, so infuriated investors that it led directly to a takeover bid.

Still important, however, as an element making a trust bid-proof is size. There are several large investment trusts, with assets of over £150m with poor investment performance which nevertheless appear immune because there are so few institutions of sufficient size to swallow them. These trusts include Fleming Mercantile, Philip Hill, Scottish American, Scottish Eastern and Scottish Investment Trust.

Perhaps the most likely threat to these trusts is from across the Atlantic. New York bid arbitrageur Mr Ivan Boesky intervened, last autumn, in one investment trust takeover, for Anglo Scottish, and there has been growing interest in the sector from other U.S. investors. Even a £700m trust like Globe would seem small fry to one of the U.S. giant corporations or to a bid specialist such as T. Boone Pickens.

According to Mr Phil Butt, of stockbrokers De Zoete & Bevan, the trusts have one other defence against such an attack: "The institutions are unlikely to accept someone who just wants to make a fast buck, unless they offer asset value or more."

However, even that obstacle may soon be eroded. "The fighting is going to get dirtier," says Mr Hamish Buchan of stockbrokers Wood Mackenzie. "The gentlemanly club is breaking down in the brave new world."

A fictional study of a dawn raider

Rich pickings in takeovers

DESPITE all the obstacles and expenses, entrepreneur and financier Sir James Pickens decides to try his luck in taking over and liquidating the General Investors Consolidated Investment Trust.

The fund has £100m of assets which are split 50-50 between a wide spread of UK and U.S. equities. Its share price is standing on a discount of 27 per cent to net asset value.

He starts to build up a holding by buying steadily in the market over a 10-week period. When he has accumulated a stake of just under 5 per cent of the trust he launches a dawn raid which nets another 3 per cent of the shares. So far the share price has moved only slightly against him and his 8 per cent has been acquired at an average discount of 25 per cent.

At the same time, Sir James has reached a deal to buy the stakes in General Investors of two other institutional holders. A 10 per cent stake is owned by the Abu Siri Investment Office, which manages the funds of an oil-rich Gulf sheikhdom, and the London and Liverpool insurance company has gross funds which hold an 8 per cent stake.

He pays the Abu Siris in cash at a discount to net asset value of 12.5 per cent. With London and Liverpool he exchanges a stake he has simultaneously built up in Scottish Southern Investment trust, another general UK fund, at an average discount of 22 per cent.

When the news of these deals is disclosed, the General Investors share price shoots up. It later falls back again slightly after a few days of inactivity, allowing Sir James to buy another 4 per cent stake in the market at a discount of 10 per cent.

He has now reached the crucial 30 per cent threshold at which he has to bid for the rest of the trust's shares. This he does by offering cash at a discount of 6 per cent to net asset value or an alternative of shares in his Bermudan company at a premium of 10 per cent to net asset value.

Acceptances rise slowly over the next five weeks to just above the 50 per cent mark as the second closing date approaches. Sir James then declares his offer unconditional and within two weeks nets nearly all the remaining shares in exchange almost exclusively for cash.

There is then a 10-day hiatus while he moves in and sacks the board of directors and the managers, and starts to liquidate the portfolio. Fortunately he has done a deal to pre-sell 75 per cent of the UK portfolio and 50 per cent of the U.S. portfolio to two pension funds at an average discount of 4 per cent to the value of the underlying assets. The other shares he sells off over a three week period through the UK stock market.

Sir James faced two major risks in launching his bid. The first was that he might get stuck with a stake of between 30 and 50 per cent and be unable to win control. However, his stockbrokers and merchant bankers had tested out shareholders sentiment and told him that there was probably sufficient dissent to give him control.

They also ensured that if he was running into difficulties, another industrial company would probably make a bid for the trust in the form of a disguised rights issue. This would allow him to sell out at an immediate profit.

The other risk was that the UK or U.S. stock markets might turn against him during the five-month period in which he was building up his stakes in the two investment trusts, following through the bid and liquidating the underlying portfolio.

However, he was able to hedge most of these risks by selling futures contracts on the UK and U.S. stock market indices and on the sterling-dollar exchange rate. The only difficulty he ran into was the lack of liquidity in the UK's FTSE 100 index futures contracts once his trust stake exceeded 25 per cent.

But he was also able to buy put and sell call options on the FTSE and on a few individual shares in which the trust had large stakes.

When the trust's portfolio had been liquidated, Sir James sat down and did his sums to find out what sort of profit he had made (see table).

Clive Wolman

The costs of acquiring control of General Investors Consolidated Investment Trust (using hedging techniques), with net assets of £100m whose share price is standing at an initial discount to net asset value of 27 per cent.

	£m
8 per cent stake at 25 per cent discount	6.00
10 per cent stake at 12.5 per cent discount	8.75
8 per cent stake at 22 per cent discount (via stake in Scot. Southern)	6.24
4 per cent stake at 10 per cent discount	3.60
70 per cent stake at 6 per cent discount	65.80
Fees to stockbroker, merchant bank, stamp duty, etc.	1.60
Compensation to dismissed managers	0.20
Hedging through futures and options	0.40
Use of money during bid (interest minus dividends)	0.82
Total cost	93.43
Proceeds from the deal:	
Sale of 75 per cent of UK portfolio and 50 per cent of U.S. portfolio (£62.5m of assets) to two pension funds at 4 per cent discount	60.00
Sale of remaining portfolio (£37.5m) through market	36.55
Total proceeds	96.55
Total profit	3.12

INVESTMENT TRUSTS 5

Striving to stem the decline

Private investor marketing

GEORGE GRAHAM

THE TEN-YEAR decline in the number of private shareholders owning shares in investment trusts has now flattened out for many companies. Yet it is scarcely the sort of revival in private share ownership that should lead the investment trusts to rest on their laurels. They still face a formidable challenge from their competitors, above all from unit trusts.

How effective has the Association of Investment Trust Companies been in bringing the sector to investors' intention? It is now coming to the end of a second year in which it has aimed specifically at the private investor through an advertising campaign run by Geers Gross West, the advertising agency.

"There is no doubt about it, it has tremendously heightened the awareness among the investing public of investment trusts," says Lord Mark Fitzalan Howard of the Robert Fleming group, himself a former chairman of the association.

Indeed, the association regularly receives 1,500 inquiries every month following the publication of its monthly table of investment trust performance in the press.

Such companies, however, are cooler in their praise, and question whether the money they subscribe to the AITC's campaign brings them real returns in the shape of new shareholders. "Obviously the bigger trusts are the major contributors to the AITC," commented the manager of one Scottish trust "The sum we contribute if devoted to our own efforts could do quite a lot to market our shares."

Investment trusts are more restricted in their marketing activities than their unit trust rivals, which can devote large advertising budgets to selling their units.

But they are now adopting a much looser interpretation of what they may do. Five years ago, their only advertising would have been a rather sober report of their yearly and half-yearly results. Now, the tone is much more aggressive.

"It says in the Companies Act you cannot promote your own shares," said one manager. "For years we all rather relaxed on that."

The new approach to self-promotion still falls a long way short of mass marketing. "I do not want to see the trusts knocking door to door," commented the head of a London investment trust group. "We are not in the retail business."

But a more determined approach is now being made to intermediartes who can bring in their clients' business. The AITC is organising seminars for professional advisers, and companies like the Alliance Trust, a £350m company based in Dundee, mails its annual report widely to lawyers and accountants in Scotland.

"We would rather spend money on that sort of thing than on blanket press advertising," said Mr Lyndon Bolton, manager of the trust.

Widening the circle of investors could, however, hang less on the promotion of what investment trusts already offer than on devising the services shareholders want with their investment.

Schemes for automatically reinvesting dividends have been available for many years. Alliance and Second Alliance launched theirs in 1969, while the London Trust followed in 1970. But these plans are now gaining rapidly in popularity, and Alliance says an increasing proportion of new investors ask for this service.

The idea has been taken a step further by Foreign and Colonial and by Globe, which in 1984 introduced schemes to allow investors to reinvest their investment trust or other dividends, or to make small monthly investments in the trusts.

Last month, the Robert Fleming group announced its own plan covering all 10 investment trusts its manages. Fleming has already received 400 applications: 300 for dividend reinvestment and 50 each for regular and occasional savings plans.

These plans overcome for the private investor the problem of investing small amounts in an investment trust — that minimum stockbroking commission makes purchases of less than about £700 uneconomical.

To bring in a radically wider investing public, however, the investment trusts are beginning to look towards the marketing muscle of the insurance companies.

After the introduction of the Saints Personal Pension Plan by Scottish American—which is run by the Edinburgh-based Stewart Fund Managers—in conjunction with Sun Life Assurance, other investment trusts have followed suit by linking themselves to pension and insurance plans.

Commercial Union, which added a portfolio of 10 investment trusts in May last year as one of the funds within its pension and insurance bonds, has sold a thousand policies totalling £2m, and it admits that this is without much promotion.

The Edinburgh managers, Ivory & Sime in February launched their Prize Plan in conjunction with the Tunbridge Wells Equitable. The fund invests in Ivory & Sime investment trusts through single or regular premium insurance bonds.

After years in which the interests of institutional investors have often dominated, some investment trusts are now paying more attention to the investment requirements of their individual shareholders.

It remains to be seen, however, whether these moves can rebuild the level of private share-ownership, or merely stem the decline.

How private share ownership has declined

	1984 %	1983 %	1982 %	1981 %
Touche Remnant Industrial and General	28.17	32.19	33.43	37.43
Scottish Mortgage and Trust	25.7	27.2	28.5	29.8
Foreign and Colonial	25.8	26.1	26.3	28.3

Source: James Capel

Investment Trust Performance

Base: 100	1 YEAR (30/4/84-30/4/85)	3 YEARS (30/4/82-30/4/85)	5 YEARS (30/4/80-30/4/85)
NET ASSET VALUE TOTAL RETURN			
Sector average	114.1	202.3	291.9
Cap & Income Growth—Gen.	116.2	205.9	300.0
Cap. & Income Growth—UK	120.7	212.4	289.9
Cap Growth—Gen.	112.2	200.1	292.5
Cap. Growth—International	112.3	197.7	285.2
Cap. Growth—N. Amer.	122.2	202.0	283.3
Cap. Growth—Far East	104.9	202.8	288.8
Cap. Growth—Japan	102.6	247.4	408.0
Cap. Growth—Comm. & Energy	97.4	149.3	203.6
Cap. Growth—Technology	110.8	193.5	285.7
Income Growth	118.5	209.1	307.4
Smaller Companies	119.3	202.0	283.7
Special Features	112.7	195.3	279.8
FT-All Share Index	120.1	210.0	300.2
S & P Composite (£ adjusted)	130.6	246.9	365.8
Cap. International World Index	124.2	233.5	329.9
PRICE TOTAL RETURN			
Sector Average	115.7	217.1	334.9
Cap. & Inc. Growth—Gen.	118.6	220.9	334.8
Cap. & Inc. Growth—UK	120.9	221.4	311.7
Cap. Growth—Gen.	117.1	218.6	343.3
Cap. Growth—International	116.8	215.9	335.9
Cap. Growth—North America	130.6	222.1	347.0
Cap. Growth—Far East	98.7	233.3	372.6
Cap. Growth—Japan	96.3	273.7	439.5
Cap. Growth—Comm. & Energy	99.6	136.2	236.1
Cap. Growth—Technology	106.9	194.2	338.4
Income Growth	124.8	230.7	353.1
Smaller Companies	120.5	210.0	309.6
Special Features	111.7	208.6	312.1

Source: Wood Mackenzie

City revolution feeds uncertainty

CONTINUED FROM PAGE ONE

One explanation is that, unlike widget manufacturers, the managers of investment trusts dine at the same lunch tables, drink in the same clubs, go home on the same trains and send their children to the same schools as the institutional fund managers who own most of their shares. More important, the two sets of managers often come from the same merchant bank or investment bouse.

There may be a deeper psychological factor at work. The investment performance of investment trust managers, at least in the last five years, has not been demonstrably worse than the performance of the pension fund and insurance company managers. Indeed, many pension fund trustees and insurance company policyholders would be well-advised to dismiss a few of their own investment managers and transfer the money into the hands of some of the more effective investment trust managers.

So if the normally reticent institutional fund managers engage in such high profile activity as sacking investment trust managers and winding up their companies, they run the risk of having the spotlight turned in their own direction.

Nevertheless, in its pricing, the stock market is now distinguishing with much greater clarity than in the past the different types of trusts. To the despair of fund managers, the market remains sceptical as to whether a strong investment performance in recent years deserves a higher than average rating. But investors are placing a high value on trusts investing in specialist areas where the institutions lack expertise and are willing to sub-contract.

Early last year, as the Japanese stock market soared, the share prices of some of the Japanese specialist investment trusts rose to a premium to their net asset value. This permitted the issue of new investment trust paper by funds specialising in the Far East.

Three other highly specialist trusts have been launched so far this year, investing in German smaller companies, plantations, and Scandinavia. The addition of warrants is becoming an increasingly common marketing device to get a new equity issue away.

However, these developments will do nothing to remove the discounts on the larger general trusts that account for the overwhelming majority of assets in the sector. New sources of demand have been identified by managers and stockbrokers, in particular U.S. investors and private clients. But the danger is that their entry will do no more than allow the UK institutional investors to sell out.

A more interesting recent development has arisen from the premium-to-asset-value rating accorded to the tiny £10m Shires Investment Trust whose managers are promising—and delivering—an exceptionally high yield on their equity portfolio. This has allowed the trust to succeed in what is perhaps the most audacious bid the investment trust sector has ever seen, for the British American and General Trust. The prey in this case is six times the size of its predator and is managed by the leading City merchant bank, Kleinwort Benson.

This is not the first take-over of an investment trust managed by a merchant bank. But British American and General is the largest such victim—and the first time a take-over has been launched in the face of strong and bitter opposition from such a bank. As with several Kleinwort Benson trusts, the fund's performance over five years has put it in the bottom quartile.

The takeover may well be seen in future as one symptom of the breakdown of the traditional club-like atmosphere in the City so that trust managers are subjected to the same competitive pressures and market

PROPERTY

Shares in Estoril sunshine

PALM TREES and bird-of-paradise flowers flourish at Quinta da Marinha, Cascais, a new golf complex of ranch-style villas near Estoril, about 30 minutes drive from Lisbon.

There is a considerable revival of interest in property in this placid and reasonably undeveloped area, once a favoured retreat for exiled monarchs.

At Quinta da Marinha, 2,000-acre estate of the local Champalimaud family, there are 40 villas built of regional stone and natural wood, with some imaginative, if sometimes impractical use of glass.

A short stroll through the pine trees takes you to the Robert Trent Jones' designed 18-hole championship golf course: it is 6,800 yards long, with dramatic water hazards and cavernous bunkers, and the Sintra Mountains and the Atlantic as a backdrop.

Whether you buy a villa outright or through shared ownership, it comes with smart Designer Guild of London furnishings; and you get golf, riding (there are 200 horses in stables by a small racecourse), six tennis courts and two sea-water pools.

The appeal has been to "young 40s, mainly architects, surveyors, civil servants and doctors, as well as early retirees," says Steve Toon, Golf Leisure marketing manager. For details of how to buy a share in a cottage (prices from £2,950 to £7,150) phone or write to Broome Park, Canterbury, Kent (0227 831701).

Full ownership costs from £84,000 for a two-bedroom villa, or £25,000 less if you lease it back to the developers for a certain period so that they can rent it out. Hazel Lund, Roselmar Properties, 14 Great Smith Street SW1 (01-222 4914), is responsible for marketing.

George Knight Overseas, 155-157 Knightsbridge, SW1 (01-589 2133) is building up a portfolio of properties in the lesser known regions of Portugal. His listings include some interesting places in the Arrabida, a large peninsula about half-an-hour's drive from Lisbon.

About £75,000 buys a two-bedroom, two-bathroom house in the wine and cheese-making village of Azeitao: nearer £200,000 is needed for a five-bedroom, three-bathroom hillside house with guest wing, pool and gardener's cottage. A three-bedroom villa between the long golden sands of Sesimbra and the beach of Aldeia do Meco, built 12 years ago, was on offer at £35,000.

Mr Knight warns that buying a 15-year-old house in Portugal is rather like buying a 50-year-old one in the UK, "so be prepared to spend something for refurbishment."

Portugal's southernmost province, Algarve, that enticing 100-mile coastline from Faro airport down to Luz Bay, still attracts the greatest number of developers and agents.

Lisbon builder Goes Ferreira has his first Algarve project, Victory Village Club, on the beautiful 1,600-acre golf estate Quinta do Lago. Hardly a village yet, there are two small groupings of apartments built, selling from £30,000 for one bedroom units. Villas are from £91,000, a good proposition considering that ½-acre plots on the main estate are now in the region of £100,000 before a brick is laid.

The scheme is attracting company buyers (a London electronics firm and a Midlands law stationers), for employee incentives. The main agents are Chestertons Overseas (01-937 7244), and Euro Property Advisers, 27a New Street, Salisbury, Wiltshire (0722 330547).

"Enquiries for Portugal have really lifted off with a vengeance this year," says Jeonie Pinder, Euro Property Advisers' managing director, who has produced a leaflet *Guide to Choosing Property Abroad.* "Busy professional people have re-discovered its peace and charm." Euro Property Advisers have also just been appointed principal representatives for Las Golondrinas, fast-selling development on the Costa del Sol.

Hugh de Meyer, Montpelier International, 49 Brompton Road, SW3 (01-225 0551), is making record sales at his development, The Old Village, on the vast Vilamoura complex. Purchase is off-plan on a sterling contract. The accommodation will be ready next year. A one-bedroom garden apartment at a fixed price of £19,500, and a three-bedroom, two-bathroom town house at £59,000, are probably among the most competitive offers on this part of the coast.

Other points to consider:

- Always get a licence from the Bank of Portugal for the importation of the purchase money—it is called a Boletim de Autorizacao de Importacao de Capitas Privados (BAICP). You will need it for repatriation of funds if you sell.
- Make sure that the land you buy is registered.
- If you buy a plot not within a development, make sure that the plot you saw is the one actually conveyed.
- *Use a solicitor with knowledge of the area.* Hedleys, 15 St Helen's Place, EC4 (01-638 1001), are Anglo-Portuguese lawyers.

June Field

Monte Lago, Estoril, apartments selling from around £50,000. Details George Knight Overseas (01-589 2133).

Roses round the door and an expanding bank balance

EVER SINCE cities were invented, people have been trying to escape back to the country—from the ancient Roman nobility who fled Rome's summer stench to modern-day commuters, prepared to suffer long daily journeys on crowded trains rather than live in town.

Owning an out-of-town property is one way of answering the call of the countryside. As the rural communities have dwindled, more and more villages have become the haunt of the weekend visitor, the holidaymaker and the retired. Many would argue that these wealthy incomers have helped to accelerate rural decline by pushing property prices beyond local ability to pay, and failing to spend money locally—for example, arriving for a holiday with a fortnight's groceries from a city hypermarket and ignoring the local shops.

Having invested in the rural dream, many people would no more think of allowing strangers to share it than they would let them loose in their own home. With a bit of care, however, letting for holidays can be a good way of seeing some return on your investment.

The demand for good quality country cottage holidays is rising and a number of agencies provide a marketing, booking and money collection service for owners.

Mr Michael Andrew, chairman of Bournemouth-based County Cottages, says rural property is a good deal even as a straight investment and that small investors, discouraged by high prices and low rentals in the 1970s, are beginning to come back into the market. He feels an owner should reach break-even point in three or four years and be making a good return after seven or eight—with the value of the property increasing all the time.

Mr Philip Green, managing director of Country Holidays, of Skipton, one of the biggest agencies in the field, says high earners, with sensible financial planning, can arrange for rental income to enable them to own a property outright in five years. People selling a small business and looking for an investment to take them into retirement can take advantage of capital transfer tax reliefs.

Viewed as a straight source of income, the return is not spectacular. "With interest rates high, you would be better off with your money in a building society," says Mr Green. "But holiday homes give you a capital asset."

It is this desire to get into the property market and keep up with it that prompts many to buy a cottage for other people to use. Mr Andrew explains that many of his agency's properties are owned by people in tied accommodation such as the licensed trade, the military, and the church. Rather than face the prospect of entering the property market after retirement, many of them buy a cottage and let it through an agency while they are at work, so that it eventually adds to their earnings and assures them of security when they need it.

A woman with a property in Hampshire, where she lives with her retired husband, told me: "My husband worked in a job with a tied house for 27 years. During that time we watched people get old and be thrown out and have nowhere to go. We were determined that was not going to happen to us—so we bought and let a house." When he was made redundant their planning paid off—they had a home to which they could retire and enough capital to buy another nearby cottage for family use and holiday lets.

Such investment properties jostle side by side in brochures with the second homes of those whose main interest is leisure, but who want to see some return on what is now likely to be a considerable investment.

Some lucky people will have a cottage bought by the family 20 years ago for £2,500 and which they own outright, although any income is a welcome extra. But others who bought more recently and paid, say, £40,000 for a house in the Cotswolds might have to rely on the income from letting to be able to afford to own the place at all.

There are pitfalls. Simply trying to rent out a property in any old state of decor and containing whatever furniture the local second-hand shop happened to have is unlikely to lead to a successful let. Both Mr Andrew and Mr Green insist that it is only by pushing up the standards of cottages for rent over the past few years that they have been able to attract customers. "Our main responsibility is to see if property will be a successful letting proposition and how much the owner will get for it," says Mr Andrew. They will advise owners on furnishings and decoration and whether to include electricity in the rent, provide linen or allow pets as well as what price category will achieve the best return, though fixing the rent is usually the owner's responsibility.

It is also the owner's responsibility to make sure there is a local caretaker to make the house ready for each new let and show people round when they arrive, though agencies will deal directly with the caretaker if required.

Most owners' main reservation about allowing their second home to be let is the danger of damage. Valuables do have to be kept out of the way, in an attic or a locked room or removed elsewhere. But the holidaymaker has to sign a form accepting responsibility for damage to furniture and fittings although Mr Green says most pay for or replace minor breakages automatically. Agencies will pursue on behalf of owners claims for accidental or malicious damage—some will go all the way to court. But such damage can be insured against.

Anyone letting a holiday home has to decide when he or she wants to use the cottage and notify the agency well in advance. An owner wanting to reserve the whole of August and September will have difficulty finding an agency interested in putting the property in a brochure: the agency's income—whether by commission or booking fees—depends on a long letting season.

The accessibility of the cottage will have a major influence on how well it performs in the market. Mr Green says the most favoured houses are within five hours' drive of a major population centre. His agency's star performer last year was in the Cotswolds, and was let for 41 weeks, whereas some property in the north of Scotland would let for only 12 or 14. The national average was 24.

Given pleasant surroundings and a comfortable interior, there seems no reason why the little place in the country should not start making a contribution to the family's income. There is certainly no shortage of people willing to market it.

Agencies listed in English Holidays, published by the English Tourist Board. Cottage Holidays 0202 25545; Country Holidays 075 678 8101.

Tom Lynch

Poetic inheritance: the Newmarket Heath view that John Clare loved

Catching the flavour of literary Britain

THE POET John Clare lived and wrote at a time when Britain was undergoing substantial change. As Clare saw the heathlands of his England, or more particularly his counties of Northamptonshire and Cambridgeshire, disappearing into enclosures and under the plough, he wrote despairingly of what was happening.

Only the horse-racing enthusiasms of the influential aristocracy preserved for us some of what Clare treasured. Newmarket Heath is but a tiny, if splendid, example of how much of Britain must have appeared even in the 18th century. By the time Clare died in the 1860s it had changed for ever.

Some other areas of literary association have similarly lost much that gave creative writers their inspiration. It is a perceptive wanderer who can catch a whiff of Shakespeare in Southwark these days or a skilled dreamer who can recall the almoner, the miller or the prioress on today's Pilgrim's Way.

But all is not lost. Robert Burns and James Barrie still stalk the streets of Dumfries. Explore the towns and villages of north Hampshire and you will still find something of the mood, and many of the buildings, that were so much part of the lives of Jane Austen, naturalist Gilbert White, and Charles Kingsley.

Some literary giants have so stamped their reputations on the lands in which they worked, or about which they wrote, that new names have appeared on the maps. Dorset may be a mystery to many, but Hardy's Wessex is on all the tourist maps. Wordsworth country, Bronte country and, more recently, Herriot country, are visited by hundreds of thousands every year. Dare one hope that a few have even read some lines of the works which have inspired their trips?

It would have been difficult to survive a British education, or even a few hours in front of British television, without having some contact with Dickens. Here followers of the trail, which in this case centres around the Medway towns, you not only see the places, you can actually meet the people.

Rochester reeks of Dickens, and Dickensian accents abound. Dickensian kids cause havoc in latter-day supermarkets and Dickensian tea shops sell Dickensian teas.

Let us pass over, for a moment, the un-Dickensian groups of Japanese and American tourists, but the British ones at least one can imagine climbing aboard their coaches, luggage spilling and dogs yapping, to trundle off, Dickensian style, to other haunts.

It sometimes seems that there is scarcely a village and certainly no town which cannot boast a writer in its past. In the plumply prosperous Chilterns you will find Chalfont St Giles and the 17th century cottage that house John Milton while he was completing Paradise Lost.

Milton cottage is now a museum and is set in the midst of an area rich in superb old houses, and possessing a past which also includes William Penn (the Quaker founder of Pennsylvania), who is buried at Jordans; Benjamin Disraeli, some of whose own writings are on display in his former home at Hughenden Manor near West Wycombe; and Sir Francis Dashwood, whose Hellfire Club has given rise to a considerable amount of written material not all of it as memorable as Sir Francis himself.

Head north a little and you come to Bedford, or Bunyan country. The area is better known today for its more modern associations, via the airships of Cardington and the Shuttleworth collection at Old Warden, but Bunyan's social impact was, arguably, greater than anything they represent. The 17th century author of Pilgrim's Progress spent 12 of his 30-year life in Bedford within the walls of the town gaol thanks to his religious views.

Today Bunyan's statue stands tall and free in a leafy setting beside St Peter's church and there is a Bunyan museum in Mill Street.

But still you will have to dream hard to recapture the spirit of Bunyan. Not so in Knutsford, where Mrs Gaskell seems to haunt the very timbers. This Cheshire town was the setting for her Cranford Tales and it is easy to imagine her characters moving down those little streets and past the neat houses.

The former Gaskell house now overlooks the inevitable Gaskell Avenue. Not far away you get the added bonus of Gawsworth Hall, the one-time home of Mary Fitton, the dark lady of Shakespeare's sonnets—or so it is said.

In getting from one to the other you pass Jodrell Bank with its connection with that latter day scribe and media person, Patrick Moore.

If you prefer your literature with a slightly more modern ring about it, but perhaps not quite as current as Mr Moore's efforts, then you can find the house where Conan Doyle lived, and the churchyard where he is buried, at Minstead. This New Forest setting is threatening enough when the evening settles and the wind rises to revive thoughts of the Baskerville Hound.

You might pause for comfort in the parish church of St Michael at Lyndhurst, almost walking (or running?) distance from Minstead. There the William Morris stained glass windows overlook a churyard in which is buried Alice Hargreaves, the Alice in Lewis Carroll's wonderland.

Authors, even modern ones, have a taste for pleasant settings for their final resting places. Even George Orwell, who stirred by youthful political thought and disturbed my teenage sleep with nightmares that I might actually be alive in the real 1984, lies buried in bucolic peace at Sutton Courtenay.

There is something a little less inappropriate in the grave of Thomas Hughes, author of Tom Brown's Schooldays, being in similar semi-rural quarters at Uffington, not far away.

For a touch of romance you might try Harrington Hall in Lincolnshire, privately owned but open to the public. It was the gardens of Harrington Hall that Tennyson had in mind when he wrote his invitation to Maud. The terrace of "roses on the terrace" remains today, provoking memories of a youthful Tennyson who was born at nearby Somersby and was in love with the then resident of Harrington Hall, Rosa Baring.

I must swing back to the writers who have drawn their inspiration from the countryside. And so, running the risk of repeating previous comments in this column, I would plump for Wessex.

On a fine day I would commend climbing the hills to the north of Mere, a large village/small town on the southern edge of Wiltshire. From here you can look south and see deep into Dorset, a magnificent view. It is from here, on the northern rim of Hardy's mystic land, that you can first catch the mood of the stories and then plunge into the countryside that retains so much of what he wrote.

An English summer, a pile of paperbacks, a good map and good company. What better holiday could there be?

Arthur Sandles

A matter of considerate design

CARS suitable for the physically handicapped will be liked by the able-bodied, too. This is one of the conclusions of the government's Transport and Road Research Laboratory (TRRL) in a report of the problems of the disabled and elderly when entering and leaving cars.

For the handicapped, most cars are too low. The door opening is usually less than 3 ft high and its top edge less than 4 ft 4 in from the ground. Getting out of a car is made more difficult by seats which are low in relation to the car floor.

The TRRL's report says that an easy-to-enter car should have the top of the door frame at least 4 ft 7 in and the seat cushion ideally 20 in from the ground. The footwell should be shallow (not more than 2¼ in) so feet do not have to be swung over a sill.

There is only one way in which this can be achieved in a small to medium car and that is by literally raising the roof, which is what has been done in otherwise conventional front-wheel driven cars like the Nissan Prairie, Honda Jazz and Civic Shuttle Estate and to a lesser extent, the Fiat Uno.

Other things that handicapped motorists look for are easy to adjust seats, hand-holds to pull themselves in and door window frames without uncomfortably sharp edges because they use them to grip. All of this confirms what readers told me earlier this year when I sought their help in recommending a suitable car for someone with a stiff knee.

But should not any car be as easy as possible to enter and leave whether the user is handicapped or not? Sports car enthusiasts will not agree because a low seating position is part of the fun but I think most motorists—especially those who spend most of their day hopping in and out of their cars—would cast their vote for ease of access. The TRRL says as much in its report.

The high seating position that makes a car easy to get in and out of also gives a commanding view of the road. And a lofty body allows occupants to sit more upright which greatly increases the useful interior space of an externally compact car. The Honda Shuttle (this column, May 25) is a shining example.

I cannot think of any British-made car likely to match the TRRL's body height guidelines except for the Range Rover and perhaps the Rolls Royce. France has the admirable but expensive Renault Espace, due here soon. Otherwise, the tall, thin car appears to be a Japanese monopoly for the present.

Physically handicapped drivers are an important segment of the market and will become more so in future. Ours is an aging population and the car has become essential to anyone who is less than fully fit but must be able to move around.

If Lancia plays its cards right, the new Y10 is going to do wonders for its sagging market share. This Metro-sized hatchback could become as popular among affluent young men and women about town—and especially the women—as the Mini was with the swingers fo the Sixties in London, Paris and Rome.

Y10 has been aimed at the kind of people with a good address, who use a car mainly to flit from home to office, boutique to night club, and who make the occasional long run (to see Mummy and Daddy at the Manor?)

There are three models. The Fire (pictured) has a 1-litre 45 horsepower engine; the Touring, a 1,050 cc unit with 55 bhp; and the Turbo with the same engine, boosted to deliver 85 bhp. Prices are from £4,330 to £5,795. I suspect the big seller will be the Touring, normally £4,995 but fitted with a £500 option pack of electric windows, central locking and extra instruments, and perhaps a £230 sunroof.

All three have an attractive and trendy suede-type trim. The stub-tailed styling is not flattered by photographs but looks much better in the metal.

Performance ranges from the adequate (a 90 mph maximum) in the Fire to sparkling—a top speed of 111 mph—in the Turbo.

I tried the Fire, so called because of its Fully Integrated Robotised Engine, a Fiat-Peugeot Group development soon to be seen in many cars.

The ride is a bit bouncy on ill-maintained minor roads but the Y10 sat squarely and comfortably on the M23 while travelling at motorway speed. I thought the Fire's 1-litre engine remarkably flexible because it slogged away up hill in top without protest, or spun happily up to high revolutions. The Turbo is flat at low engine speeds but from 2,750 rpm upwards is a real goer. All models are mechanically refined.

Light steering and outstanding visibility make the Y10 ideal for town use and no car can be easier to park. A 5-speed gearbox is standard. There is no automatic option at present but the Y10 would seem an ideal candidate for the forthcoming—and unfortunately long delayed—continuously variable transmission.

Stuart Marshall

How heart disease can be beaten

THIS week, a book of interest to all those who care about their health is published. "Beating Your Heart" is written by Richard Adler, who isn't a doctor or a professor but somebody who has coronary disease. For 20 years he has lived with it, and lived well, and in his book he hopes to make us aware of just how large a part we can, and must, play in own health. He shows how to assess the risk and tells what steps to take to prevent premature coronary disease. The book is published by Corgi at £1.95 and a percentage of the royalties will go to the Familial Hypercholesterolaemia Association, a charity of which Adler is the secretary, devoted to research into this form of heart trouble. Here, he outlines some of the problems—and some of the positive steps we all can take—L. vd P.

FINDING out that I had coronary heart disease (CHD) turned out to be the best day of my life. If it had not been for a chance meeting with a cardiologist at a party in Los Angeles almost 20 years ago, I probably would not be here to tell the tale today.

By now I would have joined the others who make up those boring but important statistics we read about—but when those numbers include your father or mother, brother or sister, aunts, uncles, friends and business associates, then it hits home. And when it's you who has a sharp pain in the chest the statistics are no longer remote.

Some of those statistics need to be mentioned:

● One man in every four will have a heart attack or stroke before he reaches retirement age.

○ The UK has the highest death rate from heart disease in the world.

● Heart disease is the leading cause of premature death in the UK (accounting for 180,000 deaths every year).

● Two-thirds of heart attacks are sudden and take place before medical help can be reached.

Coronary heart disease is caused by different risk factors working together over time to block the coronary arteries.

The question you should ask is "Am I at risk?" I give my case as an example. I had a high cholesterol level. I had high blood pressure. I was overweight and under stress at work. These are all "risk factors." The fact that my mother had a stroke at 42 and there was a family history of premature death from heart attacks and strokes combined to make me a likely candidate for a heart attack—probably within 3-6 months—if I continued down the path I was headed. Other risk factors are smoking, diabetes and lack of proper cardiac exercise.

I altered my diet and lifestyle and almost 20 years later I have still avoided having a heart attack.

The picture is optimistic. Coronary heart disease is detectable, preventable and, if detected early enough, curable for most people.

How do you know if you are at risk? Your family history will provide the first clue. If anyone in your family had a heart attack or stroke before the age of 60, you may be at an increased risk.

There is a definite link between hypertension (high blood pressure), high blood cholesterol and heart attacks. Therefore if you feel that you (or a member of your family) may be at increased risk, you should speak to your doctor. He should take your blood pressure and a simple blood test to determine the amount of cholesterol in your blood.

There has been mocb confusion about fats, cholesterol and calories. All fats and oils are high in calories. The issue is whether they are high in saturated fats and cholesterol. Cholesterol is needed to maintain healthy cells and there is "good" cholesterol as well as "bad." The body produces its own cholesterol which we supplement by eating food such as dairy products and animal fats. Too much cholesterol in the blood builds up as a deposit within the arteries which leads to heart attacks and strokes. Those at increased risk need to lower blood cholesterol.

A level above 265 mg/dl (6.8 mmol/l) in men aged 40 and over puts them at high risk and will require the most aggressive treatment. This group constitutes about 5 per cent of the U.S. adult male population. Recent studies in Britain, such as the Regional Heart Study (1983) of 7735 men aged 40-59, showed that 25 per cent had a blood cholesterol level above 265.

You are responsible for your good health so concern yourself with prevention, not simply with cure

A blood test can determine the source of the problem and elevated blood cholesterol can be lowered by either diet alone or by a treatment of a modified diet and drugs. The earlier it is diagnosed and treatment started, the better off the patieot will be.

In countries like the United States and Australia where there has been a national effort to lower the risk factors and improve lifestyle there has beeo a marked fall in the death rate from premature CHD. In the 1960's the United States heart disease death rate was the second highest in the world yet since 1968, for people aged 35-74 the mortality rate from CHD has fallen by more than 30 per cent. This means more than 300,000 lives saved since 1968. My life may be in that statistic.

Every adult male in Britain should be given the opportunity to have his blood pressure and blood cholesterol level taken.

Although women are at lower risk from heart disease than men, the rates in the UK are still very high when compared with those of other countries—and the average age for women suffering heart attacks is getting lower.

Heart disease causes death, grief, disability, and shortens the productive and happy, healthy years of a man's life. We must try to see that the persons at risk are diagnosed and treated—most of the time the treatment that can save lives is preventive and inexpensive. A company can see to it that the basic risk factors of their employees (not just executives and upper management) are assessed and that each employee knows his or her own blood pressure reading and blood cholesterol level.

Facilities should be made available to diagnose and follow up the treatment of people with high-risk blood cholesterol levels. The Government should provide more facilities NHS "preventive-orientated programmes" by redistributing the budget to allow for preventive screening. Government negotiations with the food industry should result in clear labelling of all foods, in comprehensible language, so sboppers can select foods that contain useful outritional values and eliminate those that might be dangerous.

FH (Familial Hypercholesterolaemia) is the most prevalent genetic disease in the world. This is the type of high cholesterol condition that I have—and 100,000 people suffer from it in the UK. More than 95 per cent of them are undetected. I am lucky. A cardiologist in Los Angeles observed my condition, I changed my lifestyle and I'm still alive. I would like to see the 100,000 or so people in the UK like myself made aware that they have an illness that can be treated.

Please remember, you are responsible for your good health, not your doctor. Think about health, not disease and concern yourself with prevention, not simply with cure.

For more information about FH and coronary heart disease please send a 22 pence stamp and your address to: Richard Adler, c/o The Financial Times, Bracken House, 10, Cannon Street, London EC4.

Richard Adler

Richard Adler . . . tips for heart health

Archaeology

Stonehenge, old and new

STONEHENGE has seen 5,000 summer solstices, give or take a few hundred. As a long-lived holy place — Christian or pre-Christian — it is unique in the British Isles and in all Northern Europe. Its history of use and construction covers about 2,000 years. There may have been some destruction in the Middle Ages and in Roman times, when the Romans may have associated the place with the Druids.

There is no definite evidence to link the Druids with Stonehenge. John Aubrey (of the *Brief Lives*) first put the idea forward in the 17th century and William Stukeley spread it in *Stonehenge, A Temple Restored to the Druids* (1740). In Roman eyes the Druids may have practised human sacrifice (as the hated Carthaginians had done), and they could have been the fanatical centre of nationalist resistance. Druidism was rare in being a religion the Romans wished to exterminate rather than assimilate.

The earliest structure — "Stonehenge I" — was there probably before 3000 BC. It was a ditch, a bank and a circle of holes in the chalk of unknown purpose, with the Heel Stone outside, over which the sun now passes as it rises at midsummer.

Stonehenge I was probably a holy place like its successors, an enclosure to include the initiates and — like enclosures at race courses and anywhere else — keep out the unsuitable. Then there may have been a break in use. Late in the third millennium BC a new monument was built, which was clearly governed by observing the heavenly bodies.

This is Stonehenge II, which included the original bluestone circle — which is not now visible but has been recovered by excavation. Also part of it are the Station Stones by the ditch (of which two survive) and the Avenue, a sacred way for processions leading to and from the circle and incorporating the Heel Stone. The centre line of the Avenue is more or less that of the axis of the monument — the direction of sunrise at midsummer. There is no doubting the focus of the plan and the skill in achieving it.

The bluestones came originally from the Preseli Mountains in Pembrokeshire and were brought to Wiltshire by sea and river and then pulled on sledges. They may have been used somewhere else first.

With the second millennium BC the present mighty monument was put up. Three stages of building have been discovered. In the first, the bluestone Stonehenge II was dismantled and the trilithon circle and the great trilithon horseshoe were erected. In the second and third the bluestones were set back and then set again in the horseshoe and circle they are in now. This process suggests there was some veneration for Stonehenge II. It is difficult to be more precise.

Stonehenge III is unique among the 900-odd stone circles of the British Isles for the precision of its plan and elevation and in having stone lintels to form the trilithons. The stones are known as sarsens, which is probably an old corruptions of Saracens (meaning foreigners), and are extremely hard sandstone. They come from the Downs northwest of Marlborough, a journey of 20 miles or more. Some weigh about 50 tons: the average is 26 tons and the average height above ground about 13½ ft, with stones buried between three to eight feet in the ground.

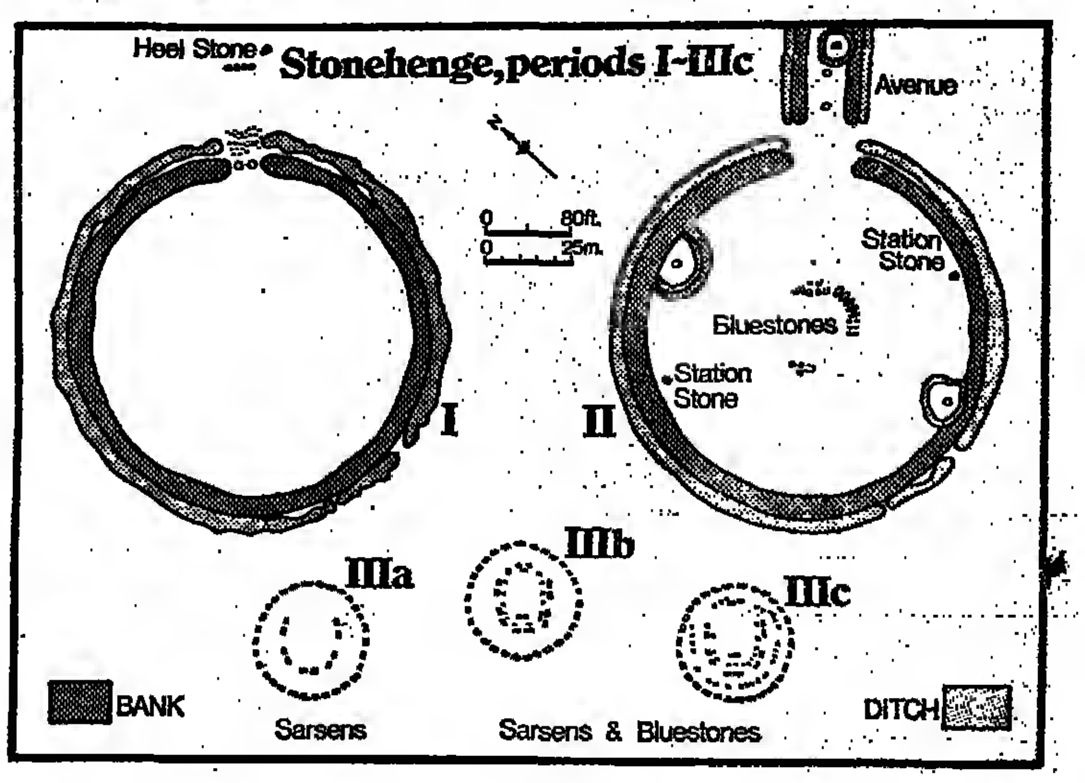
The stones were finished carefully. There is even curved tapering, which may have been intended to give the illusion of straightness as it did a millennium or so later on the columns of Greek temples. Another parallel with Greece is the use of woodworking methods on stone.

In Greece the habit became a formality, but it was still a reminder of how much of the first temples were of wood. In England there were wooden "henge monuments" as well as stone ones. At Stonehenge the sarsen lintels were held on the uprights with mortice and tenon joints, and they were fitted to each other by tongue and groove joints.

Putting up the sarsens of Stonehenge III was a great task: one suggestion is that it needed 600 men for 1½ minutes. However that may be, it did need organisation as well as determination and skill. The round barrows of the Wessex Culture in the landscape of Stonehenge may give the clue to the organisation. They had rich contents such as gold, amber and faience (best seen in the Devizes and Salisbury Museums) and must be the last resting places of an upper class.

Their conspicuous consumption no death had its counterpart in live religion, in their great circle that gave an order to the heavens and enclosed the universe as the sun rose from the earth and passed over the Heel Stone. How different from the spire of Salisbury Cathedral, pointing up, away and out.

Gerald Cadogan



Old books

Memories of a jolly Rogers

FEW BOOKS are more dead thao best-sellers that have failed to become classics. When Lord Byron io 1813 drew a pyramid of the poets of the day, he put Samuel Rogers secood behind Sir Walter Scott aod well ahead of sucb dabblers as Wordsworth, Coleridge aod himself.

For a wbole generation Rogers was the grand old man of literature, the last poet to write lo the 18th century convention, who lived into the age of Browning and Tennyson. In 1850, in a splendid display of cultural lag, the Government offered to make him Poet Laureate. Since he was 87 at the time he suspected it was looking for an ioterim compromise candidate, and declined.

The hooksbops still are full of his hooks, unread and unappreciated. To discover yet anotber fine copy of *The Pleasures of Memory* merely recalls those days of yesteryear when more interesting volumes could still be found in sucb quantities. The one certain thing about *Human Life*, to which Rogers devoted 12 years, is that it is not all there. "That book is a rip-off at any price," a bookseller said to me the other day. He was rushing to offer a discooot wben, to bis surprise, I picked up *Italy a Poem* priced at £20. It is an extremely handsome volume, hound in full morocco and decorated lavishly in gold. The engravings—many by Turner—*are masterpieces; as an example* of the hest English book-production in the 1830s, it is unsurpassed. One day I must buy a copy.

Even presentation copies are common. Every time Rogers published a new volume, he evidently prepared a list of friends to whom free copies were seot. Some are inscribed personally lo bis distinctive spidery bandwriting. Others were sent out by the publisher. I have one from heyond the grave, the 1856 *Collected Works* presented with the compliments *of Mr Samoel Rogers the year* after he died. At the age of 92, after five years confioed to a cbair, he was compiling presentation lists with the same lavishoess as in 1792.

I am oot sure if Rogers ever wrote a memorable line. I remember hearing that Burgon's descriptioo of Petra as "a rose-red city half as old as Time" is cribbed from Rogers, hut I do not know. Tbe two poets are welcome to share credit. Rogers' verse has a reliably smooth and consistent insipidity enliveoed occasionally by a dasb of falsity. In the days when poetry was read aloud as family entertainment, it may have sounded hetter. The sentiments were impeccable and reality was kept well at hay.

"Think nothing done while augbt remains to do," a favourite sentiment of the Victorians, was written hy a man wbo inherited half a bank at the age of 25 and never did a hand's turn of work in his life. The author of that pleasing celebration of simple rustic poverty "Mine be a cot beside the hill" —to be found in the Oxford Book of Verse—lived most of his life in a graod house in St James's overlooking Green Park. The nightingales which sang there on summer evenings were kept in cagse.

The poet wbo dreamt of Lucy sitting conteotedly at her spinning wheel never married. *Mildly crossed* in love hy a lady woh refused his proposal, he remarked philosophically that it did oot mater mucb who a man married since he was sure to find out next day that he had married someooe else. He preferred the company of men wbose characters, he believed, were more reliable.

Rogers' main taleots were cooversatioo and entertainment. An invitation to one of his literary breakfasts was a sure sign that an anthor was on the up-and-up. If he did well, be migbt later be invited to dinner. *The Toble Talk* collected hy ooe of the regular guests, and published after his death, is a more enjoyahle read than any of his poetry.

It is nice to be rich, and Rogers evidently enjoyed it. He gave mooey away freely to needy anthors and did not always seek repayment of losns he advanced to others. According to one of his early biographers, his kindness to his servants approached weakness. In 1844, there was a setback when thieves broke into the bank and stole £40,000 in notes. Bnt those were the days when "I promise to pay . . ." meant wht it said. The notes were stopped, like travellers cheques, aod the Bank of England paid up in gold.

The only thing with which Rogers was not lavish was praise. The recipient of much flattery himself, he never flattered his friends the way he flattered the hook-buying public. He knew his own talent was overrated, and that literary genius and financial comfort seldom go together. One of the curios he showed to guests at St James's was the receipt for the £5 Milton got for the copyright of *Paradise Lost*. He would have heen amused at posterity's reversal and made no complaint.

William St Clair

High-tech

The sound of music—at a price

SWITCHING OVER to Compact Disc is not as expensive as it looks . . . it costs twice as much. There is no doubt the oew CD players produce a remarkahly good sound, are here to stay and one day, will replace conventional vinyl record players — hut they are not cheap.

Not only do CD players, mostly £280 to £450, cost the same as a very good cooventional record player: the discs themselves are very expensive (£10). The quality of the CD players also shows up any weaknesses in a hi-fi system so that it often becomes essential to replace components such as the speakers.

Compact Discs were developed by Philips, the Dutch company, with assistance from Sony in Japan. Unlike video, where there are three incompatible formats, virtually all the hi-fi companies agreed a common standard for CD.

The system uses a small laser to "read" the billions of microscopic pits on a single-sided, silvery disc of ebout 5 in diameter. The discs do not wear and are not easily scratched. Although the industry often boasts the discs are almost indestructible, they do have to be kept clean.

The reason CD sounds good is because the recording is digital. This brings advantages such as a better dynamic range —the difference between loud and soft passages — and a complete ebsence of background noise. Keen *audiophiles still* argue that a hi-fi system using a too-flight conventional turntable such as Linn Sondek (over £400) with a good arm (£90 to £400) and cartridge (£60 to £200) wil match CD. Compared with those prices CD clearly is cheaper and it is certainly a lot easier to use and maintain.

Some people don't like the sound of CD, though. They complain it is too "bright" or harsh and that it becomes quite unpleasant after about half an hour of listening. The main culprits seem to have been some of the Japanese models—but, judging from the reviews in the hi-fi magazines, these problems are being cured.

One pleasing aspect of CD for anyone who is keen not to add to the growing trade deficit with Japan is that you can do as well, if not better, by buying a Philips-based system. Indeed, a number of people say the best CD players on the market are the cheapest models from Philips such as the top-loading CD101 (just under £300) and drawer-loading CD104 (£330). The Philips-based systems don't suffer from harshness.

Several British hi-fi companies have started selling CD players based on the Philips' chassis. The two available most widely are the Missioo DAD-7000 (£400, plus £50 with remote control) and Meridian MCD (£400). Other British systems are on the way including one from Amstrad, best known for its very cheap audio equipment.

The more expensive CD players include more facilities and features. For instance, you often can select the order in which tracks are played on disc. Most of the extra features are of dubious value and the extra money is better spent on buying more discs. I recently bought a player end thought ten discs would be a reasonable start . . . given they cost £100. The fact is that ten discs quickly pall and 20 is a minimum.

Sony is probably the leadiog Japanese supplier of CD players io this country and it has recently announced a new range costing from £300-£700. Ferguson, part of Thorn EMI, also sells a Sony machine under its own brand name. Other Japanese companies in the market include Akai (£450), Hitachi (£300), Marantz (£329 to £420), Nakamichi (£795 to £1,1950), Technics (£388 to £444) and Yamaha (£330 to £430).

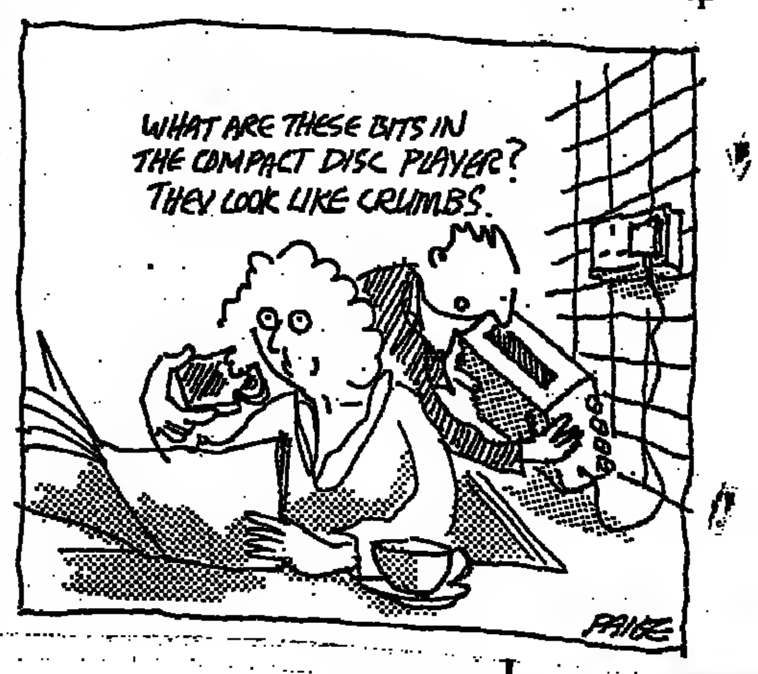
Most CD players still are sold as a separate unit to be plugged into a hi-fi system. There is a growing move towards including CD in a complete rack system, which is often the easiest (but seldom the best) way to buy good audio equipment. Other developments in CD include portables from Sony and Technics (Matsushita) aod players for the car from Pioneer and Philips.

Like all hi-fi products, the best way to choose a CD player is to listen to it at a specialist dealer rather than one of the chains. All the good dealers have bookable listening rooms.

One problem with CD is availability of the discs. The good specialist shops in large cities now have several thousand British and imported titles, hut there still are many annoying absences of hoth works and artists. Also, many record shops carry only a limited range.

The price of the discs means choice becomes much more important. A point to remember with CD is that many of the benefits are lost if the original recording and mastering were not digital—most discs will say it they were. Another point is that CD shows up any weaknesses in recording technique, and this spoils some discs. Because the discs are very durable, record shops seem to be rather more willing to change it if you play it and don't like what you havo hought.

Jason Crisp



Collecting

When art widened its appeal to the people

THERE IS at present a surge of interest among art historians and collectors in the panoramic image. The interest probably began with the exhibition, actually called "The Panoramic Image," that opened the University of Southampton's John Hansard Gallery in 1981; and it is certain to be stimulated further by the major exhibition on panoramas and dioramas planned for the Barbican in 1987.

Panoramic painting was traditionally regarded as an activity less than worthy of serious artists, a novelty for showmen. Now, isolated as a technique *sui generis*, it can be seen as a special way of looking at the world. It was, moreover, a revolutionary innovation after centuries in which the convention of topographical painting was for the artist to represent only what he perceived within his field of vision, as he stood at a fixed point, without turning his head.

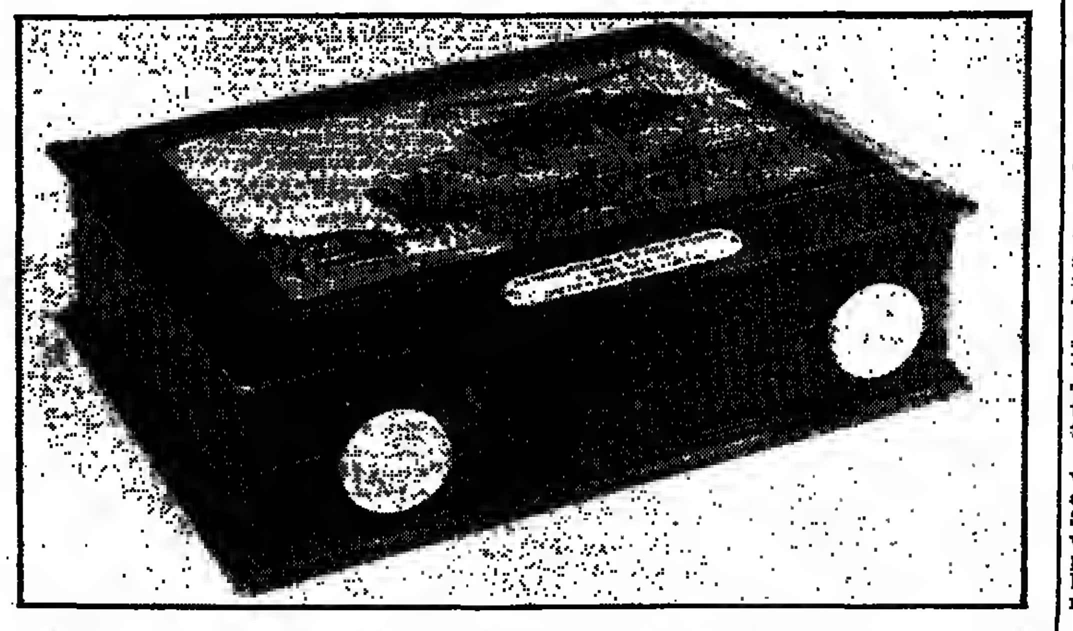
The word "panorama," which has slipped so easily into the language, was in fact a coinage (from the Greek words for "all" and "view") by Robert Barker, a Scottish painter with a leaning to the classics. In the 1780s Barker had the notion of painting a continuous, 360-degree view of Edinburgh seen from the top of Calton Hill. Soon afterwards, he patented a method of exhibiting similar views, painted in *trompe-l'oeil*, which were arranged around the inside of a gigantic cylinder and admired by the paying public from a viewing platform placed in the centre.

Barker's Panorama was one of the sights of London for more than 70 years, eventually closing in 1863. (The cylinder which housed it can still be glimpsed to the north side of Leicester Square, where it provides the outer shell of the French Church in Leicester Place.) Early in the 19th century, similar panoramas became popular throughout Europe and America.

The essence of Barker's idea was that the giant picture surrounded the spectator, so that he had to make a full 360-degree turn to inspect it fully but the term came to be applied to any kind of wide-format topographical view. In fact, pictures and prints of this size long pre-dated Barker: among the most famous are the great "prospects" of London by Claes Jansz Visscher (1616) and Wenceslaus Hollar (1666).

In the 18th century, the topographers Nathaniel and Samuel Buck produced a remarkable series of 84 panoramic views of British cities and scenery. It included a superb representation of London from the river, made up of five plates which linked end to end to make a continuous view. Barker himself was proud enough of his panoramas of London and Constantinople to publish them as sets of aquatints, which are now highly prized by collectors. Throughout the 19th century, there was an energetic production of lithographed panoramic views of seaside towns and beauty spots.

Barker's show was a fusion of painting and theatre; and it was in the London theatres that the next stage of the panoramic technique, the "moving panorama," developed. A continuous series of pictures, illustrating a narrative or journey, was painted on a long strip of canvas, which was unrolled from one vast spool to another in view of the audience. In this way, as the painted scenery moved before him, the spectator might imagine himself transported up the Thames, or on the overland route to India, or even, as though in a balloon, sailing through the air over familiar landscapes.



The miniature roller panorama sold last month by Christie's for £2,400. It depicts the funeral of the Duke of Wellington

The moving panoramas gave the London publishers the idea for a novel toy for grown-ups; and the 1820s and 1830s saw the energetic production of long panoramic prints, the better quality ones designed to roll neatly, like tap-measures, into elegant little box-wood cylinders. There were panoramas of London and the Thames, of Brighton and other resorts, of the Queen's coronation procession and a variety of state occasions.

Panoramas of this type appear quite regularly in the London sale rooms; there were several in Sothebys' sale of children's books yesterday including a particularly charming example, designed in 1835 by Captain William Ludlow and showing Bengal troops on the march with their elephants and camels. It is made up of 18 prints which join to make a total of 29 feet.

The most spectacular miniature roller panorama of this type to come on the market was sold last month by Christie's, South Kensington, for a record £2,400. The reason for this high price was its quality, its extraordinary length (at 66 ft, it is reckoned the largest print ever made), and the elaborate viewing box in which it was contained. Prospective collectors should not be dispirited by the price: more conventional examples generally sell for between £50 and £300, according to quality and condition.

Photography was enlisted early into the service of panoramic image-making. In 1842, Antoine Claudet climbed the Duke of York's column to take a series of Daguerreotypes which joined to provide a 360-degree panorama of London. This was reproduced as a giant engraving, given free to subscribers to the Illustrated London News, and issued subsequently as a roller panorama, which turns up from time to time in both uncoloured and coloured states.

Many photographic panoramas survive from later Victorian times: one of the most prized is Eadweard Muybridge's 1877 "Panorama of San Francisco from California Street Hill." Muybridge, like Claudet, made up his panorama from separate photographs, but from 1844 onwards cameras were developed to take panoramic photographs on a single negative. (Everyone must remember from childhood the panoramic cameras used to take school groups; and how invariably there was one odious child who galloped from one end to the other behind the group, as the camera slowly revolved, in order to get his smudged face on the picture twice.)

The problem with collecting panoramic prints and photographs is that the different types are likely to turn up in different saleroom categories. There are generally examples in sales of topographical prints as well as in sales of children's books. Sotheby's has a sale and less than perfect impression of Hollar's "*Prospect of London* and Westminster" (estimate £200-£300) in a print sale on June 27. In a sale of travel books, atlases, maps and the like on the same day, there is a good set of the Bucks' *Antiquities*, with the rare full series of folding panoramic views (estimate £15,000-£20,000).

Other books with exceptional panoramic illustrations in the same sale include Heriot's 1807 *Travels Through the Canadas* (estimate £1,400-£1,600) and the English edition of Arnoldus Montanus's *Atlas Japannensis* (1670), which includes several extraordinary proto-panoramic views of Japanese cities (£900-£1,200). A lithographic roller panorama of San Francisco, drawn by Charles Gifford 15 years before the Muybridge photographic view, is in exceptional condition and likely to realise around £2,000.

Janet Marsh

هكذا من الأصل

Nice little urns can pay off

Lucia van der Post

HOW TO SPEND IT

THERE IS hardly a garden in the land that does not look tha better for soma judiciously placed pots. Even those gardens wlth tha most verdant of lawns and herbaceous of borders can often do with some strategically placed urns to give focus to a vista or to delineate s terrace. In smaller gardens, when earth is scarce, pots are the classic, easy way of increasing growing space and adding colour and interest.

Garden centres up and down the country are awash with plastic containers of commendable variety and magical lightness, but somehow the heart does not lift on seeing them. Natural materials like terracotta and lead, ceramic and marble look much more at home in the gantle greens and greya of the English landscape.

For price and looks, terracotta ls hard to beat. Italian gardeners through the centuries have shown us just what can be done with groups of simple terracotta pots, filled with bright geraniums, white daisies or rowa of growing herbs. The pleasing simplicity of the lines of classic terracotta looks good indoors or out — and the material actually suits msny growing plants. Air keepa the roots cool whila the fact that the terracotta is porous means they drain well and evaporation allows the plants to breathe. Conversely, in hot summers particularly, plants will need to be well-watered to prevent them drying out. The other good news is that this means lt is almoat impossible to over-water.

Like most good natural materials terracotta ages well —it should develop a green patina which is casued by tbe growth of algae on the surface; if you want to hurry up the ageing process you can wipe the surface with milk or yoghurt, both of which will encouraga the algae to grow.

Thinner, cheaper terracotta can crack and disintegrate ln cold winters (the thinner the more porous, so when absorbed water freezes it cracks the clay). The Olive Tree Trading Company, which imports and wholesales a wide variety of terracotta contaioers, has found tbat ln general tbe pots from Spain and France don't staod np to our cold winters—the clay is not good enough and lt isn't fired at high enough temperatures. It importa from Italy and also buys and sells English clay and finds that the quality of both English and Italian ls usally higher — good quality clay is used and it is fired at very bigh temperature in gas-fired kilns. It guarantees all lts ornate terracotta pota agalnst cracking caused by frost and wben it comea to plain pots the tbicker, more expensive, hand-finished are most nnlikely to be damaged by cold.

The company also sells soma classically ornate lead urns and containers. Though lead casting aa a craft died out in the late 19th century, it has recetly been revived in England and many designa are copies of original 17th and 19th century ones, all made in the tradidonal way. The ornate mood they express seems to me to require rather grand gardens to do them justice.

For a list of stockists write to The Olive Tree Trading Company, Twickenham, Trading Estate, Rugby Road, Twickenham, Midlesex. A colour brochure is available for £2.

But if it is modern that you are after, I can hardly think of any pots more modern or more interesting than those on show at the Oxford Gallery's summer exhibition given over to everything bandmade and beautiful that might enhance a garden. A few weeks ago I drew attention to the furniture, but this week I am focussing on the pots. Svend Bayer is a legend amongst ceramicists and his eye-catching saltglaze stoneware planters come in sizes ranging from relatively small to dramatically large. They are so beautiful in their own right that, even if you don't get around to planting them, they would still be a visual asset in any setting.

Look out, too, for Jennifer Jooes' coiled stoneware pots, for Michael Jullis'a coiled ceramic containers — you'll be spoiled for choice. for Gordon Baldwin's ceramic containers, for Jonathan Garratt's terracotta flower pots and

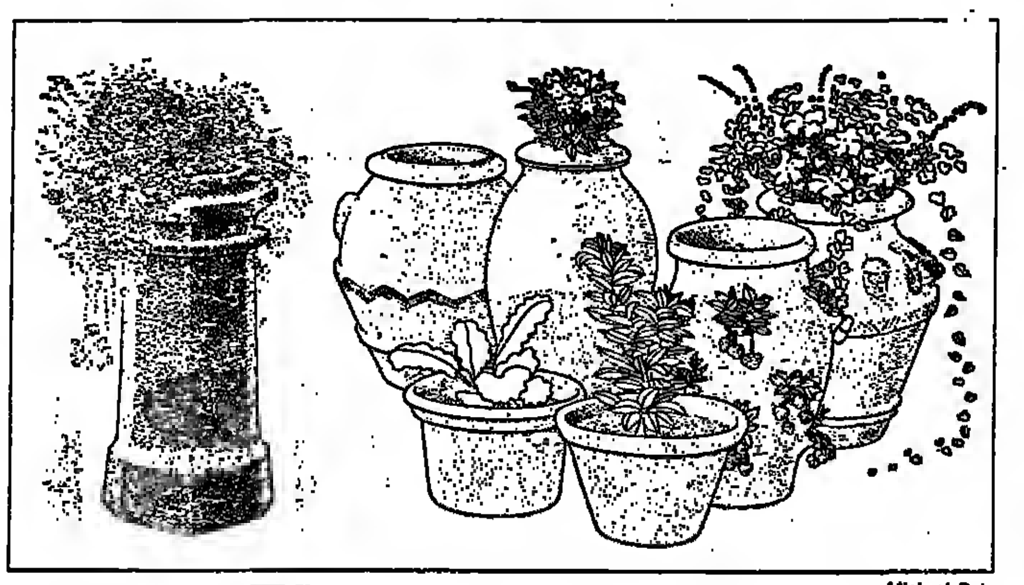
The Exhibition "In a Garden" runs from July 6-29 and is at High Wall, Pullens Lane, Headington Hill, Oxford.

Finally, I have come upon one more source of antique pots for all those readers who still seem to searching for them:— Mrs Carol Morgan of 22 Rydens Avenue, Walton-on-Thames, Surrey (tel Walton-on-Thames, 226-373) sells them from home, but because it is her home give her a ring before you set out.

Svend Bayer, noted for his large and distinctive garden pots, poses in his own kiln. See his work at the Oxford Gallery's summer exhibition, "In a Garden." Prices range from £100 npwards

BELOW: A coiled stoneware pot by Jenifer Jones, £188, from the Oxford Gallery's "In a Garden" exhibition.

RIGHT: An antique chimney pot (extreme left) can make a charming container for plants. The one illnstrated, saltglazed and dating from the turn of the century, comes from Mrs Carol Morgan of Walton-on-Thames, Surrey. The other pots shown are terracotta examples from the Olive Tree Company and range in price from £8.35 to £316.25. They can be found at most good garden centres around the country; but for a local stockist write to the company at the Twickenham Trading Estate, Rugby Road, Twickenham, Middx.



Michael Daley

When it's new, then it's news

Gardening

ONE OF the many nlce thinga about gardening is that there ls always something new to learn. You could live to be a hundred and still find new plants and new ways of doing things. I must have read tha name Berberis ottawensis superba several times, and I have probably seen it growing snd mistaken it for B. thunbergil airopurpures, which it resembles, but it did not really enter into my conaciousness until, a few weeks ago, I met the two plants growing side by side in a Berkshire gardeo.

Berberis otswensis ls a hybrid of B. thunbergii, the other parent being B. vulgaris which grows wild in some parts of Britain. It has inherited the graceful arching stems of B. vulgaris, an improvemeot on the thicket-forming habit of B. thunbergii, and its flowers are both more numerous and better displayed. The leavea are a little larger, and in Superba they sre at least as rich a red-purple aa those of B. thunbergii. For garden decoration it is a superior shrub; I am surprised that its virtuca have not been more proclaimed.

In this same garden I was lmpressed as never before by tha merits of a little viola nsmed Prince Henry. It hss been around for some time; I have had it ln the garden, probably in too shady a plsce to bring out lts best qualities. In Berkshire it was growing in a hed right out in the open; it made a solid carpet of deep blue-purple flowers. It is remarkable in reproducing itself completely true from self-pollinated seed; is unusual for a garden variety, though normal with species.

Gordon Harris, who has a nursery at Curry Mallet, near Taunton, has s psssionate love for plants which takes him to many faraway places. He has amassed what must be the most comprehensive collection of maples in Britain, 300 kinds in sll, of which 115 sre species. But be now collects and sells many other plants lncluding oaks and pines, and has visited Kores, from which he undertook the uncomfortable six hour voyage to Ulang do because it has so many plants that grow wild nowhere else. Most have never been iotroduced to Britain, and I saw some of them growing here for the first time: among them a herbaceous campanula with fox-giove-like flowers, white speckled with pink; and Maisnthemum dilststum, s carpeter whose red berriea danced in the sun when Gordon first saw ii on Ulang do.

There is, il seems, an insatiable demand for plants that are new or scarre. Chaerospondia axillaris, a name entirely new to me, sells like hot cakes. It is a shrub belonging to the sumach family, its eight-inch long feather-shaped leaves are certainly handsome, but I think that it is the old game of one-up-manship that really apurs sales.

Gordon Harris says that lf he does not learn half-a-dozen new things every day he thinks he has not done very well. He gave me two tips, always take a 100 feet rope when setting out to collect tree seeds, to pull them off the branches; snd soak all imported seeds for twenty-four hours immediately on arrival, then at once or, if that is inconvenient, mix them with moist peat, put the mixture in a polythene bag, seal it, and keep in a cool place until they can be sown, peat and all.

I must have learned enough new things to maintain an average of six a day for the rest of the summer, because I also visited Rosemoor Garden at Torrington, North Devon, where Lady Anne Palmer has been making an arboretum. She has established a fine general collection of plants over the past 20 years. The most splendid shrub I saw here was Joseph Rock's variety of Paeonia suffruticosa; I have never previously seen it grown to such slze snd perfection. This is a magnlficent tree peony with huge single white flowers, eaach with central maroon blotches around a large boss of golden stamens, rather like an orlental poppy. A seedling from this super plant was flowering near by: it exactly resembled its parent, confirming the belief of some experts that this ls the true wildform of P. suffruticosa. Whether this ls so or not, il would seem that Rock's Peony could be readlly propagaled and freely available if nurserymen set their minds to it. No doubt demand would be a powerful stimulus.

Arthur Hellyer

Wine

Claret, both vertical and horizontal

CLARET TASTINGS, trade or amateur, tend to be "vertical" nr "borizootal": a single château's vintages, served in ascending age order, or a single vintage from a range of châteaux.

An unusually large number of tasings have taken place ln London recently. The most notable of the "horizontal" kind was the tasting of 93 clarets, organised by Sotheby's wine department at the London Wine Trade Fair. They were arranged in four two-hour sessions, starting with Pauillac and St-Julien, continuing with Margaux and the surrounding middle Haut-Médoc communes then followed by an assortment of St-Estèphes. Graves and Pomerols, and ending with the St-Emilions.

After a poor spring, late flowering and indifferent early summer, 1978 was one of those vintages for which nothing but bad was predicted until saved by remarkably hot weather from mid-August right through to the vintage.

Medium in size, with 2.25m hl of appellation red wine, it was then welcomed as the best year since 1975, and prices rose for the first time for three years. Big-fruity but tannic, the finer wines have remained rather closed-up and unyielding, but as probably the best seventies vintage after 1970, this was an unrivalled opportunity to see how they were developing.

All still have excellent colour, though some Graves and a number of Pomernls showed a brown tinga. The Pauillaca hsd particularly good bouquets and plenty of flavour. Latour, though, was typically backward and Lafite a little lacking in the expected richness. Mouton-Rothschild, with an elegant aroma and fairly forward, well-balanced flavour, was for me the best of the three Pauillac "firsts."

Other Pauillacs that particularly appealed to me were Pichon Lalande, Grand-Puy-Lacoste, Haut-Bages Avérous and Le Forts de Latour. Some other well-known names disappointed me.

Among the St-Juliens, St Pierre stood out. Others that showed well included Léoville-Las-Csses, Talbot (rounder than its near stable-mate (Gruaud Larose) snd Langoa (preferred to its senior, Léoville-Barton).

With the exception of tbe big-coloured, rich, concentrated Ch Margaux and the flavoury, elegant Palmer, the mid Haut-Médoc wines were a littla unrewarding, though Rausan-Ségla, Malescot and La Lagune showed well. Of the St-Estèphes, Calon-Ségur appealed because it was forward, wbereas the probably better Cos d'Estournel was very backward. De Pez showed very fruity. The seven Graves varied considerably, with Haut-Brion typically elegant, La Mission-Haut-Brion no less typically powerful and backward, as was Domaine de Cbevalier compsred with the very developed Pspe Clément.

The 15 Pomerols were varisble too, with Pétrua, of course, standing out for its rich bouquet and conceotrated, ricb flavour: far from ready. Others that showad well included La Fleur, Le-Fleur-Pétrus, Petit Villages and Trotanoy.

My short conclusion was that 1978 is a promising vintage yet to show its full quality, witb enough fruit to contain the tannin. This of course only applies to wine of classed-growth rank, which need at least another four or five years.

To celebrate the 50th anniversary of the Dillon purchase of Haut-Brion, Christie's beld a sale of 45 red wine vintages and 10 white. Tbis was preceded hy a tasting of a selection back to 1949 among the reds and to 1969 for the wbltes. Only the briefest comments on a few in this remarkable "verticsl" tasting can be made here. The best wines were the full-flavoured '83, the boney-nosed '76, at its best, and the surprisingly pale, powerful, beautifully full '70. Unfortunately the sample bottle of the presumably very good '78 was corked.

Tha red vintages that stood out were the huge-coloured, powerful-nosed, strong, tannic '82, the more typical, Graves-type '81, the developed, very agreeable-to-drink '76, the very tannic '75, the surprisingly drinkable '72 wine from the very poor '72, the ligbt '71 and much fuller, classic '70, the gently ageing '64, and a very well-balanced '62 that I prefarred to the '61, less-full-flavoured than expected.

The Bordeaux company nf Cordier owns a number of properties including Gruand Larose Talbot, Meyney, Clos des Jacobins and Lafaurie-Peyraguey, and a tasting of some 40 wines from these estates made possible a comparative "vertical-horizontal" tasting of the two St-Juliens, Gruaud-Larose and Talhot in ten vintsges from 1984 hack to 1962 (Talbot only).

Both '84s had very deep colour, with the Talbot much harder and more tannic and the Gruaud-Larose lighter comparatively, and with more distinction. Much the same could be said of the '83.

The '82 had the buge colour typical of the vintage, and both were rounder than the '83s, with the Gruaud-Larose showing more finesse. The two '81s had much less colour, and the Talbot was reasonably forward compsred with the deeper-flavoured Gruaud-Larose.

The Talbot '79 had a fine bouquet, and fsirly developed flavour, but I found tbe Gruaud-Larose more tannic, and no doubt more to it, but currently unyielding. But the '78 Gruand-Larose had a richer aroma than the elegant Talbot and more depth of flavour though more backward; needs more time than the Talbot.

Both '75s were disappointing to me, as with many others. Have they enough fruit to overcoma the tannin? The Gruaud-Larose seemed the better balanced. On the other hand the '70s were classic claret, with Talhot more developed and ready to drink, and Gruaud-Larose deeper in colour and more to live on: a very fine wine.

The Talhot '66, elegant and fairly soft, was more attractive than the still tannic, fuller-coloured and perhaps more long-lived Gruaud-Larose. The Talbot '62, with good clear colour, lovely bouquet and very good balance, was still at its hest and a fine example of a vintage whose reputation has grown over the years. Readers should he reminded that while Gruaud-Larose is a second-growth, Talbot is a fourth, so the former should he snperior.

Edmund Penning-Rowsell

BRIDGE

IN THE finals of the Langs Supreme London Trophy, Berkhampstead Golf Club beat the NatWest Chess Club by 560. In the Plate final Queens Club heat the Bank of England by 3650. This was a most interesting band:

N.
♠ K 5 4 3
♡ K Q 9 7
◇ 5
♣ A 6 5 4

W.
♠ 10 9
♡ J 5
◇ J 10 8 6 2
♣ K J 7 2

E.
♠ J 8
♡ A 10 8 6 3 2
◇ 9 4 3
♣ 10 3

S.
♠ A Q 7 6 2
♡ 4
◇ A K Q 7
♣ Q 9 8

East dealt at game all, South opened the bidding with one spade, North said two clubs, and replied to the opener's rebid of two diamonds with four spades, and South had no hesitation in jumping to six spades.

West led the heart Knave, dummy's Queen was played, and the Ace won. East returned the club ten, covered by Queen, King, and Ace, and the declarer crossed to his diamond Ace, ruffed the aeven, and drew trumps. The contract was hooked for defeat, but an unexpected defensiva error allowed South to make twelve tricks.

Expert technique lands tha contract without help from the enemy. At trick three a heart ia ruffed with the six of spades —this is important—and the Ace of spades is cashed. Now declarer leads tha spade seven to dummy's King, drawing the trumps, and ruffs the heart nine with his Queen of spades. The carefully preserved two of spades is overtaken by dummy's four, and the heart King is made. In the five-card ending West holds four diamonds and the club Knave, and South holds his four diamonds and the club nine. Dummy's last trump ia led, on which declarer throws his club, West is squeezed and forced to set up dummy's six of clubs or declarer's seven nf diamonds.

One further point—if Eaat leads the three of clubs instesd of the ten at trick two, tha squeeze position is destroyed.

This hand in one room was fiercely contested:

N.
♠ A K 5 3
♡ A 10 6 5
◇ K Q 10
♣ K 7

W.
♠ Q 9 8 6
♡ Q J
◇ J 7 2
♣ J 6 4 3

E.
♠ J 10 7 4 2
♡ K 8 7 5 4 2
◇ 4
♣ 10

S.
♠ —
♡ 3
◇ A 9 8 6 5 3
♣ A Q 8 7 5 2

South dealt with North-South vulnerable and opened with one diamond. If North makes the natural reply nf two spades, South rebids three clubs, and s contract of six diamonds is reached and is essily fulfilled. In fact, a contract of seven dismonds is not unreasonable, and this can be made with careful play.

One North, however, replied with one heart—a little learning ia a dangerous thing—and a fearless East competed with one spade. Sontb rebid two clubs, and West raised to two spades. North now said three spades, East persisted with four spades, and South hid five clubs. North jumped to six diamonds, East went to six spades, but North refused to sell out, and bid seven diamonds. Having gone so far, Esst felt that he had to sacrifice in seven spades. This was doubled, and East was fined 1100 points—it surely should have cost him 1400—but it was a good investment, for his partners in the other room hid and made six no trumps, scoriog 1440 points.

E. P. C. Cotter

Hi-jack mark one

AMERICAN HOSTAGES IN IRAN: THE CONDUCT OF A CRISIS
by Warren Christopher and others. Yale U.P. £25.00. 443 pages

LIKE the practitioner of the martial arts, the hijacker turns his opponents very strength against him. Once again this week a President of the United States is confronting the discovery that just because he has the infinite resources of a superpower at his disposal, he is vulnerable.

It was in the Tehran hostage crisis of 1979-80 that this was first brought home to the American public. That story was one of the strangest in recent American history. In one sense, little happened. The embassy was taken over: we do not know exactly by whom, on whose orders, or with what precise ends in mind. After almost 15 months of nightmare, the hostages were released. Or, to be precise, the survivors were released: oddly, the Iranian revolutionaries had chivalrously allowed some women and tendentiously allowed some black men to leave earlier.

The United States responded by freezing Iran's assets where it could lay its hands on them; by elaborate and mostly fruitless diplomatic efforts; by an ill-starred helicopter rescue attempt that reads like a Hollywood B feature; and finally by a long and patient financial negotiation that ended in success only, it seems, when the situation in Iran itself made that possible.

It can be argued that all the skill and patience displayed in the financial negotiations described in this book was employed on undoing the American response — namely, the freezing of Iranian assets — rather than on procuring the return of the hostages; because that decision that was apparently taken by the Iranians for reasons unconnected with the negotiations, and in particular because of the onset of the Iran-Iraq war.

However that may be, the political impact of these events in the United States was out of all proportion to their intrinsic importance. The whole country was inflamed with a dangerous mixture of anger, frustration, shame and the gaudiest brand of patriotism.

President Jimmy Carter may well have owed his defeat in the 1980 presidential election in large measure to his failure to bring the hostages back. President Reagan owed part of his victory to the same events, and to the fury they caused. It is a limitation of this book that it does not deal at all with the circumstances of the hostages themselves during their captivity, nor with the circumstances leading up to the taking of the hostages.

No judgment is expressed or even implied on the crucial question whether the Iranian revolutionaries were justified in their contention that the U.S. was in part responsible for the mistakes, and the cruelty, of the Shah's regime. Nor is there any detailed account here of the build-up of political hysteria in the United States. It is greatly to the credit of these men, who in reality were like men working in a palace while the mob brandishes hammers and sickles outside the windows, that they describe the details of their bureaucratic "decision-making process" in the calmest and coolest tones in the world.

In spite of these self-imposed limitations, it is a fascinating book, well written and well edited: a dignified rejoinder to many unfair things that have been said about the quality of the Carter administration.

Specialists will be interested in the lessons drawn from the experience by Warren Christopher, then the deputy Secretary of State, Hal Saunders, the assistant secretary responsible, and Abraham Ribicoff, a former member of the Johnson Administration. For the general reader, the most absorbing parts of the book are likely to be the story of the unsuccessful rescue mission, crisply told by Captain Gary Sick, U.S. Navy, on secondment to the Carter White House; and the detailed narrative of the financial negotiations, by several authors.

The most substantial new contribution to history is the revelation of the contribution made to the final success of the negotiations by the "bankers' channel," brilliantly told by John Hoffman, the lawyer who represented Citibank.

Connoisseurs — and critics — of the New York banking, legal and foreign policy establishment will surely cite this in future as a classic self-portrait of the establishment at work. We catch a glimpse of the big New York money centre banks, with Bank of America, Continental Illinois and Marine Midland admitted to their charmed circle, represented by the equally closed circle of the Wall Street law firms: Millbank, Tweed; Cravath; Shearman and Sterling; Davis, Polk; Sullivan and Cromwell and the rest. No connoisseur will be surprised to learn, either, that the official at the Treasury who was handling the affair for the U.S. government just happened to be a former partner of John Hoffman at Shearman and Sterling.

Captain Sick makes an interesting comment on the decision to abort the helicopter raid. He points out that one reason for failure was that human judgment was "decisively influenced, even overridden, by technology." One helicopter captain abandoned ship because of a red warning light telling him that a rotor blade failure *might* be impending; another reversed course after malfunction of flight instruments.

"This is a thoroughly American response," Sick writes. "As members of the premier technological culture, we have been trained from infancy to heed and even to subordinate ourselves to machines. They assert their precedence in the commonplace acts of our daily lives, as when an insistently ringing telephone is permitted to intrude on the most solemn conversation."

I wondered whether Captain Sick had read *The Unquiet Grave*: "Mutually fulfilled sexual union is the rarest sensation which life can provide," wrote Palinurus, and no technologue he. "But it stops when the telephone rings."

Godfrey Hodgson

Refuelling the grounded Boeing 727 at Beirut airport. A new American book examines the events surrounding the earlier hostage story in Tehran

Ernest's bullish mood

THE DANGEROUS SUMMER
by Ernest Hemingway. Hamish Hamilton £9.95. 150 pages

PUBLICATION in book form of *The Dangerous Summer*, 25 years to the month after its first appearance in three successive issues of Life Magazine, reminds us just what a good sports writer Ernest Hemingway was.

Much of his early journalism, in Kansas City and Toronto, was sports reporting. This talent he later exploited in the graphic bullfighting scenes in *The Sun Also Rises* (*Fiesta*, in the UK) and in numerous short stories, such as his boxing masterpiece "Fifty Grand."

The ultimate achievement was the definitive *Death in the Afternoon*, which, since its publication in the 1930s, has served as a bible for the bullfighting fraternity.

It was intended that *The Dangerous Summer* be a companion work to *Death in the Afternoon*. While it certainly is that, it also stands on its own as an oeuvre, charged with humour and drama.

The account is of the 1959 Spanish bullfight season that pitted the young Antonio Ordonez against the veteran Luis Miguel Dominguin. It was Dominguin who, a dozen years earlier, himself a young upstart with the cape, put such pressure on the great Manolete that the latter took one chance too many and died of a fatal goring.

In 1959, the roles were reversed. Hemingway enjoyed the friendship of both matadors — Dominguin had stayed with him in Cuba years before — but his affection for Ordonez is undisguised, not least because his father, Cayetano, provided the basis for the young bullfighter in *The Sun Also Rises*.

Ordonez' skills were consummate to a degree that made Hemingway choke.

"the hand where your chest and throat tighten up and your eyes dim seeing something that you thought was dead and dune with come to life before you."

Lapses into solemnity like the above do not luckily wreck the book. *The Dangerous Summer* covers the full 1959 bull-fighting season in more than a dozen cities from Bilbao to Algeciras.

Hemingway's sureness of touch is all the more surprising given his own serious mental and physical deterioration at that time. "The Dangerous Summer" of 1959 was, for him, but a run-up to the tortured one of 1960 when he had to put the story together for Life. The original 100,000-word text was cut to 50,000, with help from A. E. Hotchner, who later wrote a major biography of Hemingway.

By the summer of 1961, he was dead by his own hand but the resulting text, trimmed now to 35,000 words, stands as a tribute to the terse writing skills that stayed with him to the end.

Frank Gray

Fiction

Cambridge blue stocking and northern grit

STILL LIFE
by A. S. Byatt. Chatto & Windus: Hogarth Press. £9.95. 358 pages.

SAFE HOUSES
by Lynne Alexander. Michael Joseph. £8.75. 263 pages.

BEAU BUMBO
by Andrew Sinclair. Weidenfeld & Nicolson. £8.95. 197 pages.

CRAMPTON HADNET
by Barbara Pym. Macmillan. £8.95. 216 pages.

THE CIDER HOUSE RULES
by John Irving. Cape. £8.95. 560 pages.

STILL LIFE is the second novel in a series which began with the author's much praised *The Virgin in the Garden*. It is set in North Yorkshire, London and — above all — Cambridge in the latter part of the 1950s, and may be read as a self-contained work. No recent novel, at least at this level, has concentrated so thoroughly upon intellectual, artistic and academically engaged people as this one; but there is much else too, including what is more or less an essay on the character and achievement of Vincent Van Gogh. The whole is stunningly intelligent — and as resolutely literary as anything in the English novel since Huxley. It is this last feature that worries me.

It used to be complained that Huxley was too often overcerebral and therefore etiolated; and there was something to the charge. We now see all too clearly that most of his novels are, as Walter Allen has said, "do-it-yourself jobs copied from altogether superior models." A. S. Byatt is neither as witty, clever nor as gratuitously disgusting as Huxley; but she is quite as intelligent. I fear, though, that *Still Life* is more of the nature of essay (albeit sometimes exquisite essay) than fiction, and that, although it will not be dismissed as pastiche, it may be found imaginatively and linguistically wanting. There are excellent passages *about* the imagination, but simply not enough imagination *in* it. It is just a little too far from life, that alas coarse substance which gives gristle to the imagination.

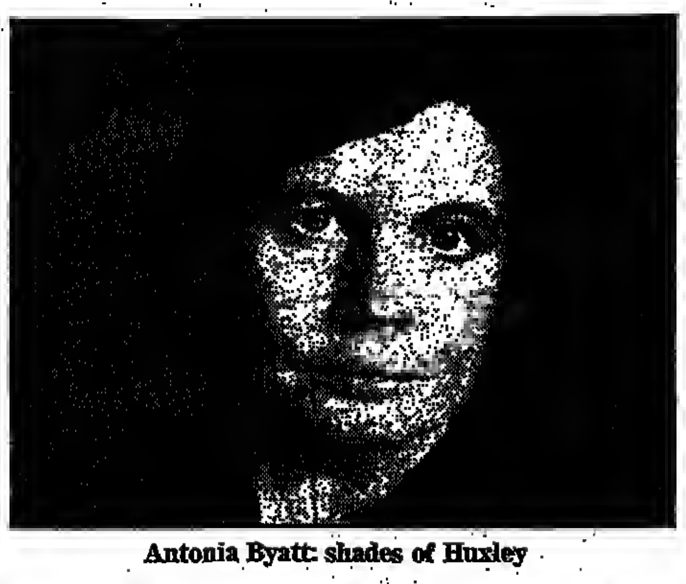
Nonetheless, it is a good and interesting book, and I can not see how anyone concerned with contemporary literature and the history of the 1950s could do other than profit by reading it.

Safe Houses is a startlingly original first novel by an American who gave up a professional career as a harpsichordist for fiction; she now lives in Great Britain. For a first novel it is technically very adept, and extremely unusual. Narrated in turns by two people who have never formally met each other, it interweaves their memories of wartime Budapest.

The two narrators are Jack Baum, a pastrycook, and Gerda Green, a prostitute who is getting near to retiring age. The material, concerning Wallenberg and Eichmann and all manner of miseries and atrocities (and indeed squalors), is not at first sight happy. But there is extraordinary happiness and energy and affirmation in the book. Not only has Lynne Alexander had a brilliant idea, but also she has shown that it was generated by what she had to say, something which hasn't been said before. An exciting and highly accomplished début.

Although Andrew Sinclair's new Bumbo novel *Beau Bumbo* isn't up to the level of the justly celebrated first, *The Breaking of Bumbo*, it is nonetheless highly amusing. Bumbo is the gossip columnist for *Public Sty* (yes, his style is very much like that), the world's worst film producer of an epic — and disaster-prone at every turn. The exposer is finally exposed, and we enjoy every word of this well observed, picaresque romp through idle modern London. The ending is particularly apt.

In 1940 the late Barbara Pym wrote *Crampton Hodnet*, but she put it aside and did not publish it. It has been rescued from amongst her papers in the Bodleian Library by her sister and her literary executor, and is now published for the first time. It is a delightful although limited comedy of North Oxford in the 1930s — not her shrewdest or most deeply felt work, but very well worth while issuing now. It could serve, too, as a fine introduction to those who don't yet know this original and so long neglected novelist.



Antonia Byatt: shades of Huxley

John Irving was unknown before *The World According to Garp*, overpraised for that nonetheless lively book, and then overdid it with *Hotel New Hampshire*. But he is always readable, and *The Cider House Rules*, about a wicked saint — philanthropist, abortionist and dedicated doctor — in rural Maine some time earlier in our century, is certainly his best novel yet. It also tells of the doctor's nephew, and contributes much to the understanding of American youth. It is both uneven and too long; but you can't really put it down for long, either, and I recommend it as good if not great.

Martin Seymour-Smith

Filmaholic fumes go into flesh and blood

SUSPECTS
by David Thomson. Secker & Warburg. £8.95, 269 pages

EXPERTS are divided over whether the right treatment for an advanced film addict is complete withdrawal or the "hair of the dog." Should he try to desist? Or should he go on taking more of the stuff until either surfeit or restiffening sets in?

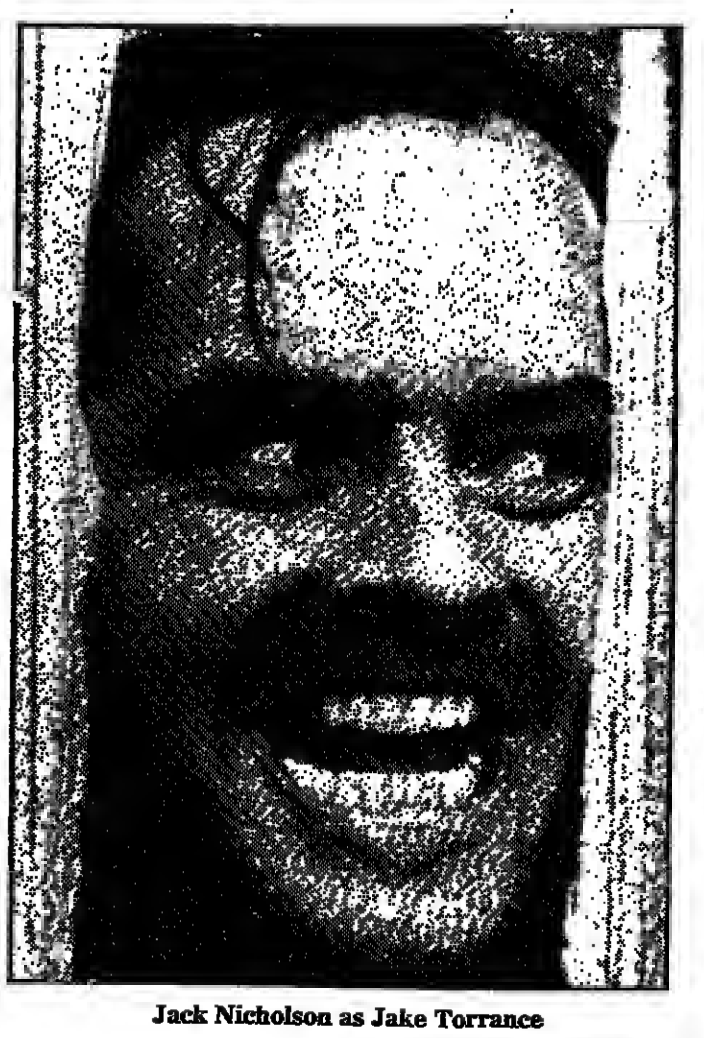
It's been clear for years that the British-born, American-based critic and novelist David Thomson is an advanced filmaholic. An insatiable scribe for Sight & Sound, Film Comment and other leading movie journals, he also wrote that gloriously obsessive concordance *A Biographical Dictionary of the Cinema*. A book of mini-monographs about stars, screenwriters, directors, it has the dazed, unstoppable brilliance of someone who has swallowed the "dangerous third Martini" — or Moviedom's equivalent — and is just beginning to mix critical protocol with pyrotechnic personal prejudice.

In *Suspects*, alas, the "brilliant" stage of intoxication has begun to merge into the garrulously maudlin. Thomson has taken 90-odd characters from famous *films noirs* — and a few not so *noir* like *It's A Wonderful Life* and *The Great Gatsby* — and invented complete biographies for each. The lives they had before and/or after their celluloid irruptions are mapped out for us, and so are the points at which their lives unexpectedly and none-too-plausibly interconnect. Thus Robert De Niro the *Taxi Driver* is the son of *Laura's* sister; Richard Gere's *American Gigolo* is the child of an unscripted fling between Gloria Swanson and William Holden in *Sunset Boulevard*; and from the long-fingered shadows of *Chinatown* John Huston's wicked old patriarch Noah Cross reaches out into almost every "suspect's" life for good or ill. The world is a *film noir* conspiracy in which Claude Rains's famous old line from *Casablanca*, "Round up the usual suspects," means a manhunt across the entire continent of our movie-thriller imaginings.

The book has the charming air of having written the writer rather than the other way about. Obsession has become monomania. It's a work of oneiric logorrhoea in which a critic's lifetime delights and movie leitmotifs have come out in a disordered rush, as if the binding proportions of wit and reason can no longer cope.

For the non-film buff it must be fearfully trying to read these extended doodlings about characters whom they scarcely even know in non-extended form. (And few of Thomson's mini-biogs are intrinsically interesting as stories.) And even for the film buff it's wearing to wade through endless suppositional childhoods of characters like Robert Morley's in *Beat The Devil* or Lauren Bacall's in *The Big Sleep*. The book represents the groupie mentality transferred to literature: it's an up-market form of wanting to know the size of Paul McCartney's underpants or how many dolls Boy George played with as a child.

The wonderful thing about art, *pace* Thomson, is that it does *not* exist outside the four sides of the movie screen or the three walls of the proscenium stage or the 300-odd pages of the published novel. It's only bad art — like TV soap operas — that predicates its appeal on a pretence of "real life;" on pulling the spectator's emotions into an unthinking belief that the actor equals the character and that his joys and tribulations will go on forever, just like our own. When the critic, like the soap addict, starts to daydream outside the edges of art — without, in this book, throwing any discernible light back *in* upon the art — one shudders both for the critic and his readers. *Suspects* is the pathetic fallacy transferred from Nature to Art. It winsomely animates the essentially iconic, it takes the fictitious and feyly transforms it into pseudo-fact.



Jack Nicholson as Jake Torrance

Nigel Andrews

CRIME

PERFORMANCE
by Douglas Clark. Gollancz £7.95 202 pages

LAST SEEN ALIVE
by Dorothy Simpson. Michael Joseph £8.95 220 pages

CHIEF Superintendent Masters and his team of sycophants make another trip to the provinces (the North, this time), to show the locals how to do it. *Performance* by Douglas Clark contains the usual show of modesty and self-deprecation, the usual banter about who will buy whom the first pint (and Masters' faithful Green makes his usual display of gourmandise). But, as always, besides the irritating characters, there is a good story, told in persuasive and interesting detail, and a nice array of minor characters.

In *Last Seen Alive* Inspector Luke Thanet, familiar to thriller fans, likeable, beset with problems both at home and on the job, has to investigate the murder of a woman he had known as a child, and admired, puppy-like, from a distance. He has to search past as well as present, and both are rich in quirks and tensions. Good, solid job.

One hesitates to describe both these books as excellent deckchair reading, simply because so far it has not been that kind of summer. But either of them might be worth adding to your library list, or even buying.

William Weaver

Year in year out

THE OXFORD BOOK OF AGES
chosen by Anthony and Sally Sampson. Oxford University Press. £8.95. 202 pages.

ACCORDING to Edward Young, "Our birth is nothing but our death begun," and thus begins *The Oxford Book of Ages* — a calendar of observations for each year of life from nought to 100.

Evelyn Waugh (at 16) thought the decay set in "between 15 and 16," Humpty Dumpty at seven, according to Lewis Carroll. Some don't even get the chance of a proper childhood; Gandhi pities himself for his "preposterously early marriage" at 13 and Shirley Temple "stopped believing in Santa Claus when I was 6. Mother took me to see him in a department store and he asked me for my autograph." "Nowadays everybody wants to be young," said D. H. Lawrence and Lady Astor denied the passing years by refusing "to admit that I'm more than 52 even if that does make my sons illegitimate."

There is hope for the middle-aged. Aristotle believed that "the body is at its best between the ages of 30 and 35: the mind at its best about the age of 49." Middle-aged women don't do so well: "She may well pass for 43 in the dusk with the light behind her" (W. S. Gilbert, *Trial by Jury*) and "She's six and forty and I wish nothing worse to happen to any woman" (Sir Arthur Wing Pinero, *The Second Mrs Tanqueray*).

Here is a compulsive collection of apothegms, ranging from early Greeks to late Americans, with perhaps a reflective, slightly middle-aged view of childhood and adolescence. The final word on the ageing process must go to Bernard M. Baruch: "To me, old age is always 15 years older than I am."

The husband and wife editorial team do not divulge their own ages, but they have certainly covered the field.

Jacqueline Shorey

CHESS

NOTTINGHAM 1936 and Avro 1938 are landmarks of chess history, the last great tournaments before the war. In a clash of generations, the veteran world champions Lasker, Capablanca and Alekhine met rising young grandmasters.

The high profile of these two events meant that anyone who did badly suffered a sharp drop in reputation. An obvious loser was the Czech Salo Flohr, whose position as FIDE's official challenger was ridiculed when he lost to two inexperienced British masters at Nottingham and finished bottom at Avro. There were offboard reasons for Flohr's decline: his world title backers, the shoe firm Bata, dropped out with the Nazi occupation of 1938, and Flohr, a Jew, fled to Russia where he became a Soviet [illegible].

Flohr was later stereotyped as a mere exponent of quick, "grandmaster" draws and FIDE's choice of him as challenger dismissed as an eccentric whim. But until politics and ill-health (a chronic stomach ulcer) intervened, Flohr was a brilliant strategic innovator, clearly No 2 to Alekhine in the tournaments of the early 1930s, and a player of verve and energy.

Salo Flohr: Master of Tactics by Jimmy Adams (£15.65 post free from The Chess Player, Carlton, Nottingham) is a new and well-written biography, containing nearly 150 of Flohr's games with excellent notes which at last give him due recognition. This week's game illustrates a rare opening system which brought Flohr many wins and is well worth a trial.

White: S. Flohr. Black: E. D. Bogolyubov. King's Indian Defence (Bad Sliac 1932).

1 P-Q4,N-KB3; 2 P-QB4,P-KN3; 3 N-QB3,B-N2; 4 P-K4, P-Q3; 5 N-B3, 0-0; 6 B-K2,QN-Q2; 7 0-0, P-K4; 8 P-Q5,N-B4; 9 N-Q2.

White's aim is to settle the centre, stop Black's N-KR4 and P-KB4, and undermine the QB4 knight.

9 . . . P-QR4; 10 Q-B2, B-N5.

Best is 10 . . . B-R3 (to exchange dark-squared bishops); 11 N-N3, BxB; 12 QRxB, KN-Q2! which improves on 12 . . . NxN; 13 PxN,P-N3; 14 R-R1, R-N1; 15 N-R2, N-K1; 16 P-QN4, P-KB4; 17 PxRP,PxRP; 18 PxP when Flohr soon won the RP and the game in — I have to admit it — Flohr v. Barden, Hastings 1961.

11 N-N3,BxB; 12 QxB,QN-Q2; 13 B-K3,P-R3; 14 N-B1l N-R2; 15 N-Q3.

Flohr was a master of knight placement and here White observes the key squares QN4,QB5,K5 and KB4.

15...P-KB4; 16 PxP, PxP; 17 P-B4!

Another modern concept, to fix then undermine Black's pawn chain.

17...P-K5; 18 N-B2, BxN? (better K-R1); 19 PxB, KN-B3; 20 P-N4! K-R2.

21 P-N5, N-KN1; 22 K-R1, Q-K1; 23 R-KN1, Q-N3; 24 PxP, QxP; 25 R-N3, KN-B3; 26 R-B3, Resigns. If N-R4; 27 RxN wins.

In last week's game as printed, four moves were omitted: 6...P-QN4; 7, B-Q2, P-QR4; 8 PxP.

PROBLEM No. 573

BLACK (2 men)

WHITE (4 men)

White mates in three moves at latest, against any defence (by G. Heathcote). A miniature in the 'English style' of chess problems, with economic construction on an open board.

Solution Page XVIII

Leonard Barden

WEEKEND FT

Publishing

Faber's Cats bring in the cream

WHEN the bones of 20th century literature come to be picked over by the vultures of Eng Lit, Faber and Faber's imprint will be visible on the spine. Britain's most self-consciously "literary" house celebrates 60 years of book publishing this year. It does not seem that long: Faber has always had a flair for the contemporary.

It all started at All Souls'. Two friends and Fellows, Geoffrey Faber and Maurice Gwyer, founded the firm on solid financial foundations inherited by Gwyer's wife: The Scientific Press, owned by the Burdett family, publishing nursing books and the Nursing Mirror. The Nursing Mirror was Miss Burdett's dowry, brought to the Gwyer marriage.

Charles Monteith, the former Faber chairman who is still a very pleasant friend and philosopher around Queen Square, besides being a Fellow of All Souls' himself, calls down blessings on a medical list which survives and thrives, with a full-time nursing editor and healthy profits. "Faber's Adam or, if you like, Eve, was the Nursing Mirror." Faber plus Gwyer became Faber plus Faber in 1929, when Gwyer went back to his career at the Bar.

Faber aspirations to serious publishing excellence look a giant step in that direction when another All Souls' crony suggested to Geoffrey Faber that he might make contact with "an American who worked in a bank," for literary advice. Mr T. S. Eliot, banker, accepted a Faber directorship. Mr T. S. Eliot, poet and critic, supplied the taste and perception which attracted to the publishing house the best young writers of the pre-war and war generations. On the heels of Auden, Spender, Sassoon and Eliot himself came Philip Larkin, John Osborne, William Golding, Sylvia Plath, Douglas Dunn—a literary litany made more potent by Irish genius transmitted through Joyce and Beckett, with Northern Ireland leaping ahead through Louis MacNeice, Seamus Heaney and Tom Paulin.

Charles Monteith, also an Ulsterman, joined Faber in 1953. His somewhat doubtful report on Ted Hughes, accepting the young poet's work for publication, is annotated in Eliot's clear, elegant hand: "We should take this man now." (Ted Hughes is the present Poet Laureate).

It is not Faber's reputation for excellence, personal rapport with authors, and financial stability has drifted off course a couple of times over the years. But the list of titles in print today is still a Best of British in poetry, music, fiction and drama.

There are now three companies. Faber Inc in America, three years old, with a book distribution turnover of $1.6m and its own list, new last year; Faber Music Ltd, founded in 1965 at the suggestion of Benjamin Britten, whose works lead a catalogue impressive for its emphasis on young thoroughly modern composers; and "literary" Faber and Faber in London, where Matthew Evans, the chairman, admits to "a terminal case of obsession with Faber," with objectives which seem, on the face of it, as near to Geoffrey Faber's, in 1925, as makes no difference. Mr Evans wants "to continue to publish good books, make a profit, and sustain a sense of immediacy." There is one big difference. It is called *Cats*.

Andrew Lloyd Webber's musical of T. S. Eliot's *Old Possum's Book of Practical Cats* earned Faber £650,000 in publishers' royalties last year. The cheque received for 1985-86 will certainly be twice that sum. The exploitation of *Cats*, estimated and extending to 10 years ahead, will probably bring Faber around £12m altogether. (*Cats* merchandising is earnings $100,000 a year in America alone productions are scheduled world-wide.)

It is a windfall on an unprecedented scale: sufficient to turn heads a good deal harder than quiet literary ones. So far, the only indication that Faber has spent a penny of the *Cats* money has been dramatic, evidently expensive improvement in design: jackets, logos and paperbacks marketed in synchronised, stylish livery. They look good. The words inside read as well as ever. Matthew Evans is nothing if not a practical cat, but he is purring with ideas.

Gay Firth

Sport

The champions assemble

John Barrett previews the chances of those in line for Wimbledon honours while David Crichton-Miller looks at the problems of aspiring tennis stars

Training: Luis Miller (centre) on the tube to Wimbledon; Stefan Edburg (right) in action

THE fascination of this year's championships at Wimbledon lies in the uncertainty surrounding the leading contenders—especially the two favourites, John McEnroe and Martina Navratilova—as well as in the emergence of some impressive youngsters.

When McEnroe publicly thanked Tatum O'Neal—"for making my life better"—he fuelled speculation that tennis was no longer the most important thing in his life. Eros, with his *deadly arrow*, undoubtedly affects players, as Jimmy Connors' marital problems proved at Wimbledon in 1982.

Despite three recent losses—to Joakim Nystrom in Dallas, to Ivan Lendl in New York and to Mats Wilander in Paris—I believe McEnroe will have sharpened his left-handed skills sufficiently in practice at Forest Hills these past two weeks to add a third consecutive Wimbledon title to the six tournaments hes has already won in 1985. Although he does not look as invincible as last year, he is still the best fast court player in the world.

Some will regard the manner of Wilander's victories in Paris over McEnroe and Lendl as a sign that the 20-year-old Swede is rejuvenated after a mediocre start to 1985 and ready to duplicate Bjorn Borg's success at Wimbledon. After all he has won the last two Australian Opens on grass (in 1983 he beat McEnroe and Lendl back to back) and is clearly confident again and free of the niggling wrist injury that contributed to his second round loss to unseeded Pat Cash last year. However, the draw has not been kind.

Lendl's sixth defeat in a Grand Slam final in Paris renews doubts about his inner belief on the biggest occasions. Although technically he is a better player than he was a year ago, I doubt if the gaunt Czech can stand the strain of two weeks on a surface he finds it difficult to adjust to mentally.

Besides Cash, the two young men to watch are last week's Stella Artois winner, Boris Becker and the quiet Swede Stefan Edberg. Becker, still only 17, has improved greatly since I first saw him in Paris last year losing a magnificent junior semi-final to the world junior champion Australian Mark Krakzman who, incidentally, failed to qualify for Wimbledon.

Since then, Becker has beaten Edberg in the Young Masters final and he reached the last four in Rome to lift his ATP ranking from 563 at the start of 1984 to 20. Becker is the best 17-year-old since Borg and he is in the same quarter as the number seven seed, Nystrom, and two of last year's quarter-finalists, Paul Annacone and the 16th seed, Tim Mayotte. All these men will be hoping that the experienced American Hank Pfister will eliminate Becker in his first match.

Edberg, the 14th seed, is a beautifully complete player in the mould of Lennart Bergelin, Borg's mentor, and should come through to a meeting with the number eight seed, Kevin Curren, for the right to challenge McEnroe. If he survives, he will need to play with more intelligence and spirit than he showed losing his quarter-final to Connors in Paris.

Martina and Chris Evert Lloyd are so far ahead of the rest that a fifth final between them seems inevitable. If that happens, Martina's self-doubts, so apparent in Paris, will determine the outcome. On fast grass she has the equipment to win but from the confident way Chris was hitting the ball in practice this week against Roger Becker and Donald Watt I believe Martina's nerve will again be strained to the limit.

The best of the younger girls are Argentina's Gabriela Sabatini, the 15-year-old French semi-finalist and Steffi Graf of West Germany who is just 16.

Miss Sabatini, seeded 15, is a fine natural volleyer and should prosper on grass to reach a fourth round match against the number eight seed, Zina Garrison while Miss Graf who is the 11th favourite, must beat the number five seed, Pam Shriver, to earn a match against Martina in the quarter-finals.

If this confrontation materialises it will give us a clue to Miss Graf's match-playing ability.

She has the same intensity and dedication as Mrs Evert Lloyd and hits the ball hard enough to intimidate any opponent. She has already said she feels she can win Wimbledon within three years. Clearly she lacks nothing in confidence but has something to learn about modesty.

Counting pennies

AS WIMBLEDON is just about to start — with the success of McEnroe and Navratilova highly predictable — it is timely to look at international tennis's losers. Not the losers at Wimbledon, but those who find it hard even to get there as they carry their own bags and arrive not first-class by jet but on the boat train to Victoria.

Luis Miller from Brazil, for example, is in London this month. He is 23 and ranked about 660 in the world. His place on the game's gravy train consists of an interminable series of qualifying competitions and of balancing his need to keep money in his pocket with boosting his world ranking.

Association of Tennis Professionals (ATP) points give a player his ranking. They can bring entry to the big tournaments where even first-round losers take money home. But to gather points, a player must play the wretched satellite tournaments "where everybody wants to eat you."

Luis says: "Every night I was going back to my room and counting my money. I must have played more qualifying tournaments than anyone in the world, and when you reach that last round and you need the money so much your heart just fails."

Luis spent the weeks before Wimbledon trying to collect some money by playing small French tournaments which do not yield ATP points. Travelling to London to qualify for Wimbledon, he was delayed an hour on the overnight train from Paris and arrived ten minutes too late. He smiled about this and said that in Brazil he was known as "Luis the fortunate."

His problems are not those of a McEnroe. "My first question when I play a qualifying tournament is "Can I have housing?" Once the only person who gave him a bed was a priest, a fellow Brazilian. It is common at some of the small tournaments for a single hotel room to sleep ten tennis players who sneak in after the porter has gone to bed.

At one time Luis was ranked 398 in the world. He has held several match points against Jimmy Arias (21). His greatest pay cheque was $700 at a tournament in France and after expenses of $7,000 he earns between $2,000 and $3,000 a year. Le Coq Sportif provide his clothing and Donnay his racquets. These companies do not yet pay him to use their equipment.

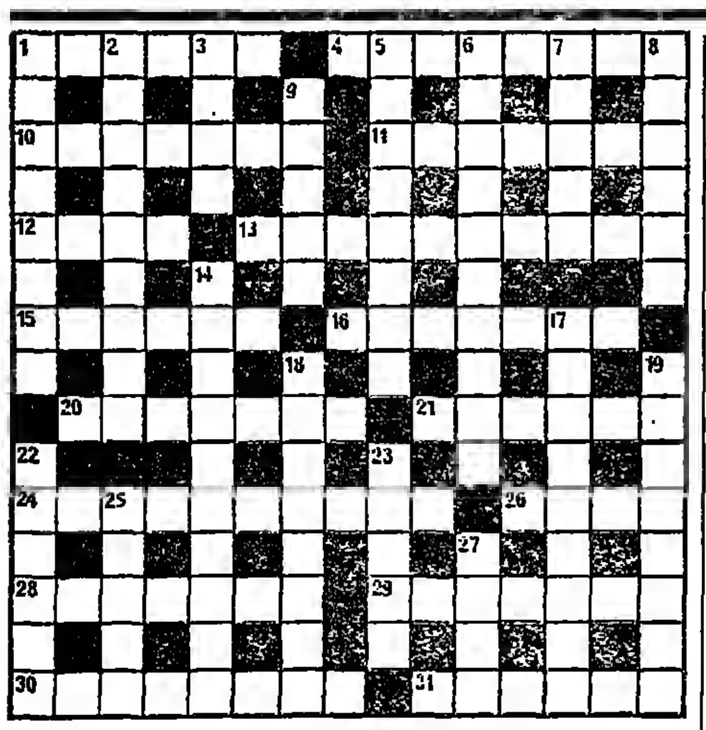
Luis is sceptical about the theory that motivation and hunger make the player play. He knows that a year's support from some reasonably generous sponsor could put him up dramatically in the world ratings

One of his problems concerns the attitude to sport in Brazil. "There are no rich people who want to sponsor us. In Brazil, people are happy only if we win the World Cup at soccer. There is barely any state aid in tennis except the first prize at the national junior tournament of a ticket to the U.S."

After one semester at Mississippi State University and two years playing in South American tournaments, Luis left for Europe to play the satellites — when he could afford it.

So why does he go on? "I love travelling, so many new places and new people. I need only enough money to eat." And there is that still bright hope that a *major sponsorship* might give him time to take a deep breath and attack the ATP ranking list.

He has just married his longstanding girl friend, a move which may upset the delicate pecuniary balance of his life even more. His final reflection was a little gloomy. "There have been so few good moments in tennis and there has been much more pain and disappointment."



F.T. CROSSWORD PUZZLE No. 5,750

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

ACROSS

1 A stiff container (6)
4 Is the person in the Rolls parking in front a captive? (8)
10 I.e., train doctor for inactivity (7)
11 How to act as an informer about evidence (7)
12 Understands the boy will be back about midnight (4)
13 Rambling with company in natural surroundings (10)
15 One will be dealt with when one's late (6)
16 He'd read about her! (7)
20 Pulled along at the end of a sled, get frayed (7)
21 Reluctant to have tongue after a vegetarian starter (6)
24 It provides some support for a key operator (5, 5)
26 It's one leaving the regiment, returning to the emperor (4)
28 Aunt's a cook, but starts living in as a concubine (7)
29 Silly scheme to include the second night shift (7)
30 Being short last month, Hank rebuilt an old copper for Jack (8)
31 A horse, audibly tucking in to his food in Scotland (6)

DOWN

1 Descendants of doctor in South American republic commence negotiations (8)
2 About to enter a fast aircraft which carries cargo (9)
3 It includes nothing on a letter to the Greeks (4)
5 Repaired snooker ball case for a shop (8)
6 Made a speech, but about the first hand tool (10)
7 Exists in one resolved to make a disagreeable sound (5)
8 Claims: "Without a hat, entered the drilling installations" (6)
9 Irishman admits using make-up (5)
14 Board the 'bus, an old form of transport (10)
17 Striking with the others in a band (9)
18 Support water control (8)
19 The House of Lords is certainly not without equal! (8)
22 American dame upset about being tickled (6)
23 The lamp standing in front of Church Hall (5)
25 Isle refined carbon rich in silicon and aluminium (5)
27 Time to leave mean girl (4)

Solution to Puzzle No. 5,749

Solution and winners of Puzzle No. 5,744

Mrs G. K. Weston, 53, Brereton Road, Rugeley, Staffs.
Mr J. S. Young, 30, Litchfield Way, London, NW11.
Mr E. W. McNeill, 186, Stobo, East Kilbride, Scotland.
Mr E. M. Taylor, 72, Mossley Road, Grasscroft, Oldham.
Mr J. D. W. Black, 9, Bayfield, Epping, Essex.

TELEVISION AND RADIO

SATURDAY

† indicates programme in black and white

BBC 1

8.30 am The Saturday Picture Show. 11.05 Ocean-Ship Pirates starring ...

LONDON

6.15 am TV-am Breakfast Programme. ...

REGIONS

IBA Regions as London except at the following times:

ANGLIA · BORDER · CENTRAL · CHANNEL · GRAMPIAN · GRANADA · HTV · SCOTTISH · TSW · TVS · TYNE TEES · ULSTER · YORKSHIRE

BBC 2

CHANNEL 4

S4C WALES

RADIO

(S) Stereo on VHF

BBC RADIO 2 · BBC RADIO 3 · BBC RADIO 4

... Brahms (S). 11.55 Mussorgsky and Tchaikovsky (S). 1.00 pm News. 1.05 Peter Pears (born June 22 1910)—A song recital with Britten given in the Snape Maltings in 1972 (S). 2.00 Amsterdam Concertgebouw Orchestra (S). 4.00 Takacs Quartet (S). ...

SUNDAY

† indicates programme in black and white

BBC 1

BBC 2

LONDON

CHANNEL 4

S4C WALES

REGIONS

IBA Regions as London except at the following times:

ANGLIA · BORDER · CENTRAL · CHANNEL · GRAMPIAN · GRANADA · HTV · SCOTTISH · TSW · TVS · TYNE TEES · ULSTER · YORKSHIRE

CHARLTON HESTON 4.20 BBC1

RADIO

(S) Stereo on VHF

BBC RADIO 2 · BBC RADIO 3 · BBC RADIO 4

Solution to Chess No. 573: 1 B-B5, If 1...P-R4; 2 Q-N5, K-Q3 (K-Q1; 3 Q-Q7), 3 Q-Q5. If 1...K-Q1; 2 Q-Q6 ch, K-K1; 3 B-N6. If 1...K-N1; 2 Q-N6 ch, K-R1; 3 B-K4.

WEEKEND FT

Publishing

Faber's Cats bring in the cream

WHEN the bones of 20th century literature come to be picked over by the vultures of Eng Lit, Faber and Faber's imprint will be visible on the spine. Britain's most self-consciously "literary" house celebrates 60 years of book publishing this year. It does not seem that long: Faber has always had a flair for the contemporary.

It all started at All Souls'. Two friends and Fellows, Geoffrey Faber and Maurice Gwyer, founded the firm on solid financial foundations inherited by Gwyer's wife: The Scientific Press, owned by the Burdett family, publishing nursing books and the Nursing Mirror. The Nursing Mirror was Miss Burdett's dowry, brought to the Gwyer marriage.

Charles Monteith, the former Faber chairman who is still a very pleasant friend and philosopher around Queen Square, besides being a Fellow of All Souls' himself, calls down blessings on a medical list which survives and thrives, with a full-time nursing editor and healthy profits. "Faber's Adam or, if you like, Eve, was the Nursing Mirror." Faber plus Gwyer became Faber plus Faber in 1929, when Gwyer went back to his career at the Bar.

Faber aspirations to serious publishing excellence took a giant step in that direction when another All Souls' crony suggested to Geoffrey Faber that he might make contact with "an American who worked in a bank," for literary advice. Mr T. S. Eliot, banker, accepted a Faber directorship. Mr T. S. Eliot, poet and critic, supplied the taste and perception which attracted to the publishing house the best young writers of the pre-war and war generations. On the heels of Auden, Spender, Sassoon and Eliot himself came Philip Larkin, John Osborne, William Golding, Sylvia Plath, Douglas Dunn—a literary litany made more potent by Irish genius transmitted through Joyce and Beckett, with Northern Ireland leaping ahead through Louis MacNeice, Seamus Heaney and Tom Paulin.

Charles Monteith, also an Ulsterman, joined Faber in 1953. His somewhat doubtful report on Ted Hughes, accepting the young poet's work for publication, is annotated in Eliot's clear, elegant hand: "We should take this man now." (Ted Hughes is the present Poet Laureate).

It is not Faber's reputation for excellence, personal rapport with authors, and financial stability has drifted off course a couple of times over the years. But the list of titles in print today is still a Best of British in poetry, music, fiction and drama.

There are now three companies. Faber Inc in America, three years old, with a book distribution turnover of $1.8m and its own list, new last year: Faber Music Ltd, founded in 1965 at the suggestion of Benjamin Britten, whose works lead a catalogue impressive for its emphasis on young thoroughly modern composers; and "literary" Faber and Faber in London, where Matthew Evans, the chairman, admits to "a terminal case of obsession with Faber," with objectives which seem, on the face of it, as near to Geoffrey Faber's, in 1925, as makes no difference. Mr Evans wants "to continue to publish good books, make a profit, and sustain a sense of immediacy." There is one big difference. It is called *Cats*.

Andrew Lloyd Webber's musical of T. S. Eliot's *Old Possum's Book of Practical Cats* earned Faber £350,000 in publishers' royalties last year. The cheque received for 1985-86 will certainly be twice that sum. The exploitation of *Cats*, estimated and extending to 10 years ahead, will probably bring Faber around £12m altogether. (*Cats* merchandising is earnings $100,000 a year in America alone productions are scheduled world-wide.)

It is a windfall on an unprecedented scale: sufficient to turn heads a good deal harder than quiet literary ones. So far, the only indication that Faber has spent a penny of the *Cats* money has been dramatic, evidently expensive improvement in design: jackets, logos and paperbacks marketed in synchronised, stylish livery. They look good. The words inside read as well as ever. Matthew Evans is nothing if not a practical cat, but he is purring with ideas.

Gay Firth

Sport

The champions assemble

John Barrett previews the chances of those in line for Wimbledon honours while David Crichton-Miller looks at the problems of aspiring tennis stars

Training: Luis Miller (centre) on the tube to Wimbledon; Stefan Edburg (right) in action

THE fascination of this year's championships at Wimbledon lies in the uncertainty surrounding the leading contenders—especially the two favourites, John McEnroe and Martina Navratilova—as well as in the emergence of some impressive youngsters.

When McEnroe publicly thanked Tatum O'Neal—"for making my life better"—he fuelled speculation that tennis was no longer the most important thing in his life. Eros, with his deadly arrow, undoubtedly affects players, as Jimmy Connors' marital problems proved at Wimbledon in 1982.

Despite three recent losses—to Joakim Nystrom in Dallas, to Ivan Lendl in New York and to Mats Wilander in Paris—I believe McEnroe will have sharpened his left-handed skills sufficiently in practice at Forest Hills these past two weeks to add a third consecutive Wimbledon title to the six tournaments he has already won in 1985. Although he does not look as invincible as last year, he is still the best fast court player in the world.

Some will regard the manner of Wilander's victories in Paris over McEnroe and Lendl as a sign that the 20-year-old Swede is rejuvenated after a mediocre start to 1985 and ready to duplicate Bjorn Borg's success at Wimbledon. After all he has won the last two Australian Opens on grass (in 1983 he beat McEnroe and Lendl back to back) and is clearly confident again and free of the niggling wrist injury that contributed to his second round loss to unseeded Pat Cash last year. However, the draw has not been kind.

Lendl's sixth defeat in a Grand Slam final in Paris renews doubts about his inner belief on the biggest occasions. Although technically he is a better player than he was a year ago, I doubt if the gaunt Czech can stand the strain of two weeks on a surface he finds it difficult to adjust to mentally.

Besides Cash, the two young men to watch are last week's Stella Artois winner, Boris Becker and the quiet Swede Stefan Edberg. Becker, still only 17, has improved greatly since I first saw him in Paris last year losing a magnificent junior semi-final to the world junior champion Australian Mark Krakzman who, incidentally, failed to qualify for Wimbledon.

Since then, Becker has beaten Edberg in the Young Masters final and he reached the last four in Rome to lift his ATP ranking from 563 at the start of 1984 to 20. Becker is the best 17-year-old since Borg and he is in the same quarter as the number seven seed, Mystrom, and two of last year's quarter-finalists, Paul Annacone and the 16th seed, Tim Mayotte. All these men will be hoping that the experienced American Hank Pfister will eliminate Becker in his first match.

Edberg, the 14th seed, is a beautifully complete player in the mould of Lennart Bergelin, Borg's mentor, and should come through to a meeting with the number eight seed, Kevin Curren, for the right to challenge McEnroe. If he survives, he will need to play with more intelligence and spirit than he showed losing his quarter-final to Connors in Paris.

Martina and Chris Evert Lloyd are so far ahead of the rest that a fifth final between them seems inevitable. If that happens, Martina's self-doubts, so apparent in Paris, will determine the outcome. On fast grass she has the equipment to win but from the confident way Chris was hitting the ball in practice this week against Roger Becker and Donald Walt I believe Martina's nerve will again be strained to the limit.

The best of the younger girls are Argentina's Gabriela Sabatina, the 15-year-old French semi-finalist and Steffi Graf of West Germany who is just 16.

Miss Sabatina, seeded 15, is a fine natural volleyer and should prosper on grass to reach a fourth round match against the number eight seed, Zina Garrison while Miss Graf who is the 11th favourite, must beat the number five seed, Pam Shriver, to earn a match against Martina in the quarter-finals.

If this confrontation materialises it will give us a clue to Miss Graf's match-playing ability.

She has the same intensity and dedication as Mrs Evert Lloyd and hits the ball hard enough to intimidate any opponent. She has already said she feels she can win Wimbledon within three years. Clearly she lacks nothing in confidence but has something to learn about modesty.

Counting pennies

AS WIMBLEDON is just about to start — with the success of McEnroe and Navratilova highly predictable — it is timely to look at international tennis's losers. Not the losers at Wimbledon, but those who find it hard even to get there as they carry their own bags and arrive not first-class by jet but on the boat train to Victoria.

Luis Miller from Brazil, for example, is in London this month. He is 23 and ranked about 680 in the world. His place on the game's gravy train consists of an interminable series of qualifying competitions and of balancing his need to keep money in his pocket with boosting his world ranking.

Association of Tennis Professionals (ATP) points give a player his ranking. They can bring entry to the big tournaments where even first-round losers take money home. But to gather points, a player must play the wretched satellite tournaments "where everybody wants to cat you."

Luis says: "Every night I was going back to my room and counting my money. I must have played more qualifying tournaments than anyone in the world, and when you reach that last round and you need the money so much your heart just fails."

Luis spent the weeks before Wimbledon trying to collect some money by playing small French tournaments which do not yield ATP points. Travelling to London to qualify for Wimbledon, he was delayed an hour on the overnight train from Paris and arrived ten minutes too late. He smiled about this and said that in Brazil he was known as "Luis the fortunate."

His problems are not those of a McEnroe. "My first question when I play a qualifying tournament is 'Can I have housing?'" Once the only person who gave him a bed was a priest, a fellow Brazilian. It is common at some of the small tournaments for a single hotel room to sleep ten tennis players who sneak in after the porter has gone to bed.

At one time Luis was ranked 398 in the world. He has held several match points against Jimmy Arias (21). His greatest pay cheque was $700 at a tournament in France and after expenses of $7,000 he earns between $2,000 and $3,000 a year. Le Coq Sportif provide his clothing and Donnay his racquets. These companies do not yet pay him to use their equipment.

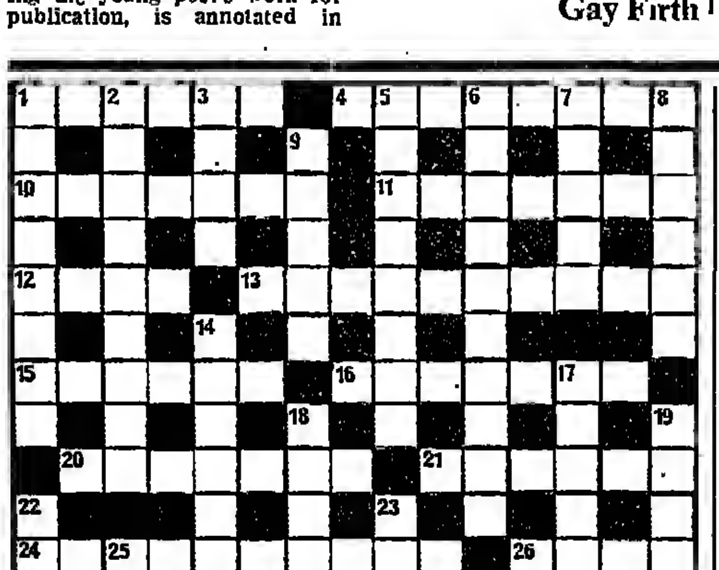
Luis is sceptical about the theory that motivation and hunger make the player play. He knows that a year's support from some reasonably generous sponsor could put him up dramatically in the world ratings.

One of his problems concerns the attitude to sport in Brazil. "There are no rich people who want to sponsor us. In Brazil, people are happy only if we win the World Cup at soccer. There is barely any state aid in tennis except the first prize at the national junior tournament of a ticket to the U.S."

After one semester at Mississippi State University and two years playing in South American tournaments, Luis left for Europe to play the satellites — when he could afford it.

So why does he go on? "I love travelling, so many new places and new people. I need only enough money to eat." And there is that still bright hope that a major sponsorship might give him time to take a deep breath and attack the ATP ranking list.

He has just married his long-standing girl friend, a move which may upset the delicate pecuniary balance of his life even more. His final reflection was a little gloomy. "There have been so few good moments in tennis and there has been much more pain and disappointment."



F.T. CROSSWORD PUZZLE No. 5,750

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

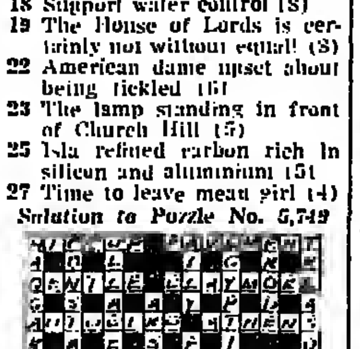
ACROSS

1 A stiff container (6)
4 Is the person in the Rolls parking in front a captive? (8)
10 I.e., train doctor for inactivity (7)
11 How to act as an informer about evidence (7)
12 Understands the boy will be back about midnight (4)
13 Rambling with company in natural surroundings (10)
15 One will be dealt with when one's late (6)
16 He'd read about her! (7)
20 Pulled along at the end of a sled, get frayed (7)
21 Reluctant to have tongue after a vegetarian starter (6)
24 It provides some support for a key operator (5, 5)
26 It's one leaving the regiment, returning to the emperor (4)
28 Aunt's a cook, but starts living in as a concubine (7)
29 Silly scheme to include the second night shift (7)
30 Being short last month, Hank rebuilt an old copper for Jack (8)
31 A borsc, audibly tucking into his food in Scotland (6)
14 Boards the 'bus, an old form of transport (10)
17 Striking with the others in a band (9)
18 Support water control (8)
19 The House of Lords is certainly not without equal! (8)
22 American dame upset about being tickled (6)
23 The lamp standing in front of Church Hill (5)
25 Isla refined carbon rich in silicon and aluminium (5)
27 Time to leave mean girl (4)

DOWN

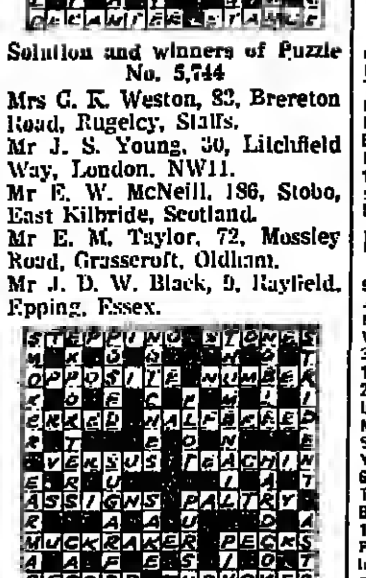
1 Descendants of doctor in South American republic commence negotiations (8)
2 About to enter a fast aircraft which carries cargo (9)
3 It includes nothing on a letter to the Greeks (4)
5 Repaired snooker ball case for a shop (8)
6 Made a speech, but about the first band tool (10)
7 Exists in one resolved to make a disagreeable sound (5)
8 Claims: "Without a hat, entered the drilling installations" (6)
9 Irishman admits using make-up (5)

Solution to Puzzle No. 5,749



Solution and winners of Puzzle No. 5,744

Mrs G. K. Weston, 82, Brereton Road, Rugeley, Staffs.
Mr J. S. Young, 30, Lilchfield Way, London, NW11.
Mr E. W. McNeill, 186, Stobo, East Kilbride, Scotland.
Mr E. M. Taylor, 72, Mossley Road, Grasscroft, Oldham.
Mr J. D. W. Black, 9, Rayfield, Epping, Essex.



TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am The Saturday Picture Show. 11.05 "Devil-Ship Pirates" starring Christopher Lee 12.30 pm Grandstand, including 1.00 News Summary: Boxing: Tennis from Eastbourne (the Pilkington Glass Ladies Championships); Racing from Ascot; Athletics (East Germany v Soviet Union); Motor Racing (Le Mans); and at 5.00 Final Score (Classified Results).

5.05 News. 5.15 Regional Programmes. 5.20 The New Adventures of Wonder Woman. 6.10 Terry and June. 6.40 "Sam Whiskey" starring Angie Dickinson and Burt Reynolds with Clint Walker and Ossie Davies. 8.15 Dynasty. 9.00 The Val Doonican Music Show. 9.45 News and Sport. 10.00 "A Death in Canaan" (TV film).

REGIONAL VARIATIONS:

Wales—5.15-5.20 pm Sports News Wales.

Scotland—5.15-5.20 pm Sport.

Northern Ireland—11.05 am-12.30 pm Bowling: Dale Farm Ulster Games from the Ulster Transport Club, Jordanstown; 5.15-5.20 Northern Ireland News and Sport. 11.55-12.00 Northern Ireland News Headlines.

England—5.15-5.20 pm London — Sport; South-West (Plymouth)—Spotlight Sport and News; All other English regions—Sport and Regional News.

BBC 2

3.15 pm Saturday Cinema (1): "Nightmare" starring Brian Donlevy. 4.35 Saturday Cinema (2): "A Gathering of Eagles" starring Rock Hudson, *Mary Peach* and *Rod Taylor*. 6.25 Bodyline (re-run of the Forty Minutes documentary). 7.05 News and Sport 7.20 Dance International. †8.15 "Whistle Down the Wind" starring Alan Bates, Hayley Mills and Bernard Lee. 9.50 Saturday Review. 10.50-11.45 Tennis (Highlights of The Pilkington Glass Ladies Championships Final).

LONDON

6.15 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Matt and Jenny on the Wilderness Trail. 10.00 No 73. 11.20 The Champions. 12.15 pm World of Sport including 12.20 Athletics (England v USA); 12.35 Yachting (the Admiral's Cup Trials); 12.45 News followed by Australian Pools Check; 12.50 Motor Cycling (The Shell Oils 350 cc Challenge); 1.20 The ITV Six from Redcar and Ayr; 2.55 Motor Cycling; 3.45 News Round-up; 3.55 Wrestling; 4.30 Athletics; 4.50 Results.

5.00 News. 5.05 Happy Days. 5.30 Connections. 6.00 Chips. 7.00 The Comedians. 7.30 The Best of Just Amazing! 8.30 Hunter. 9.30 News and Sport. 9.45 Tales of the Unexpected. 10.15 London News Headlines followed by "The Dogs of War" starring Christopher Walken, Tom Berenger and Colin Blakely. 12.05 am Magnum. 12.55 Bizarre. 1.20 Night Thoughts.

CHANNEL 4

1.05 pm Chips' Comic. 1.30 The Listening Eye. †2.00 "A Midsummer Night's Dream" starring James Cagney, Mickey Rooney, Olivia de Havilland and Joe E. Brown. 4.20 A Dream Come True. †4.30 "Les Grand Melios." 5.05 Brookside Omnibus. 6.00 The Max Headroom Show. 6.30 Babble. 7.00 News Summary followed by 7 Days. 7.30 Union World. 8.00 Tales From a Long Room. 8.15 Sanne. 8.45 My World and Welcome To It. 9.15 Maids and Madams. 10.15 Octopus—Power of the Mafia. 11.30 The Late Clive James. †12.15 am Naked City.

S4C WALES

1.15 pm Farming On 4. 1.45 A Question of Economics. 2.15 Kitum—The Elephant Cave. 3.15 Promised the Earth. †4.10 The Americans at War. 6.10 The Medicine Men. 6.40 The Avengers 7.35 Newyddion. 7.45 Llun er y sgrin. 8.15 Plu'en yn y gwynt. 9.15 Cynbadledd '85. 9.25 The Bright Side 9.55 Lou Grant. †10.40 Feature Film: "*Blanche Fury*."

REGIONS

IBA Regions as London except at the following times:

ANGLIA

9.25 am Cartoon Time. 9.35 Captain Scarlet and the Mysterons. 11.20 Tarzan. 5.05 pm Connections. 5.35 Dreams. 12.10 am Live at City Hall (Gerry Mulligen and Astrud Gilberto). 12.40 At the End of the Day.

BORDER

9.25 am Cartoon Time. 9.35 Scooby Doo. 11.20 Chips. 5.05 pm Film: "Flight from Ashiya" starring Yul Brynner and Richard Widmark.

CENTRAL

9.25 am Cartoon Time. 9.35 Scooby Doo. 11.20 Chips. 5.05 pm The Saturday Action Film: "The Count of Monte-Cristo" starring Richard Chamberlain, Tony Curtis and Trevor Howard.

CHANNEL

9.25 am Cartoon. 9.30 Captain Scarlet and the Mysterons. 9.57 Puffin's Pla(i)ce. 11.20 Puffin's Pla(i)ce. 11.25 Tarzan. 12.14 pm Channel Islands Weather Summary. 5.05 Puffin's Pla(i)ce. 5.07 The Saturday Film: "Father, Dear Father."

GRAMPIAN

9.25 am Cartoon. 9.30 Scooby Doo. 11.20 Chips. 5.05 pm Connections. †5.35 Feature Film: "Cheaper by the Dozen" starring Clifton Webb. 12.10 am Reflections.

GRANADA

8.25 am Cartoon. 5.35 Captain Scarlet and the Mysterons. 11.20 Chips. 5.05 pm "The Three Musketeers" starring Michael York and Oliver Reed. 12.10 am ELO in Concert.

HTV

8.25 am The Wonderful Stories of *Professor Kitzel*. *9.30 Captain Scarlet and the Mysterons*. †11.15 Fireball XL5. 11.45 Just Our Luck. 12.13 pm HTV News. 5.05 "The Count of Monte-Cristo" starring Richard Chamberlain and Tony Curtis.

SCOTTISH

9.25 am Cartoon Time. 9.35 Scooby Doo. 11.20 Chips. 5.05 pm Connections. 5.35 Feature Film: "The Night Rider" (TV movie). 12.10 am Late Call.

9.25 am Cartoon. 8.30 Captain Scarlet and the Mysterons. 8.57 Gus Honeybun's Magic Birthdays. 11.20 am Freeze Frame. 12.12 pm TSW Regional News. 5.05 TSW Regional News. 5.07 The Saturday Film: "Father Dear Father" starring Patrick Cargill, Beryl Reid, Donald Sutherland and Richard O'Sullivan. 12.10 am Postscript.

TSW

9.25 am Cartoon. 9.30 Captain Scarlet and the Mysterons. 9.57 Gus Honeybun's Magic Birthdays. 11.20 am Freeze Frame. 12.12 pm TSW Regional News. 5.05 TSW Regional News. 5.07 The Saturday Film: "Father Dear Father," starring Patrick Cargill, Beryl Reid, Donald Sutherland and Richard O'Sullivan.

TVS

9.25 am Porky Pig. 9.35 Scooby Doo. 11.20 Batman. 11.45 Sealab 2020. 12.12 pm TVS Weather. 5.10 Connections. 5.40 "Bullet for a Badman," starring Audie Murphy. 12.10 am Company.

TYNE TEES

8.25 am Morning Glory. 9.30 Scooby Doo. 9.55 Young Lookaround. 11.20 Chips. 5.05 pm "The Three Musketeers." 12.10 am Pool's Corner.

ULSTER

[illegible]

YORKSHIRE

[illegible]

RADIO

(S)—Stereo on VHF

BBC RADIO 2

[illegible]

BBC RADIO 3

[illegible]

BBC RADIO 4

[illegible]

SUNDAY

† Indicates programme in black and white

BBC 1

8.55 am Play School. 9.15 Superbook. 9.30 This is the Day. 10.00 Asian Magazine. 10.30 Bird Right. 10.55 Neverrou late. 11.20 Inside YTS. [illegible]

1.25 Face the Press. †1.55 "Raffles" starring Ronald Colman with Kay Francis. †3.20 "Souls at Sea" starring Gary Cooper and George Raft. 5.00 Back to the Roots. 5.30 News Summary and Weather followed by The Business Programme. 6.15 The Mississippi. 7.15 Heritage: Civilisation and the Jews. 8.15 The Irish R.M. [illegible]

BBC 2

[illegible]

LONDON

[illegible]

CHANNEL 4

[illegible]

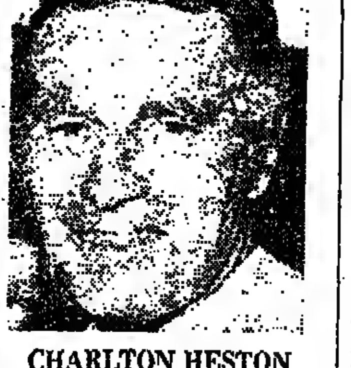
S4C WALES

[illegible]

REGIONS

IBA Regions as London except at the following times:

[illegible]



CHARLTON HESTON
4.20 BBC1

Late Film: John Gregson and Mai Zetterling in "Faces in the Dark."

HTV

9.25 am The Castle of White Otter Lake. 1.00 pm Ray Reardon's Master Class. 1.30 Farming Wales followed by: Weather for Farmers. 2.00 "The Sundowners" starring Deborah Kerr. [illegible]

[illegible]

RADIO

(S) Stereo on VHF

[illegible]

هكذا من الأصل